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THE JERUSALEM POST

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EIGHT PAGES
FROM SUNDAY'S
The New York Times
WEEKLY REVIEW
INSIDE TODAY

Vanu appears in hospital

BY SHALEV
ist Reporter
... and photo-
... outside the Jeru-
... court for hours
... to be allowed to
... remand hearing
... attend a so-
... for Mordechai Vanunu.

Instead, they caught only brief glimpses of the former nuclear technician accused of treason, and heard an announcer say that the remand hearing had been postponed.

Vanunu, bearded and wearing blue jeans, a red t-shirt, khaki coat and Australian-made tennis shoes, driven to the back entrance of the police van.

... that lasted only
... heard a repre-
... state Attorney's
... request that he
... today until the end

... granted the re-
... attorney, Amnon
... hearing be post-
... that in the
... u remain in cus-

... the judge denied
... that Vanunu's
... on court. And the
... outside.

... sources said last
... amon procedure
... ney to ask for a
... remand hearing
... ce to study all the
... client. They said
... ing might well be
... 1 weeks' time.

... men and Border
... anied Vanunu into the
... use and secured the area.

... brief hearing was held in a
... court. In attendance
... were Judge Cohen, Vanunu, Zichroni,
... Chasson and several security
... men.

... Zichroni showed Vanunu the
... charge sheet in which he is accused
... of providing assistance to an enemy
... in war and "aggravated espionage,"
... both offences carry a sentence
... of life imprisonment.

... Zichroni said that Vanunu re-
... sponded in a "reserved" manner and
... made "pertinent" remarks about the
... charges against him.

... Vanunu, a on time technician at
... the Dimona nuclear plant, left the
... country and sold Israel's alleged nuclear
... capability to the London Sunday
... Times before being returned to
... Israel under mysterious circum-
... stances to stand trial.

After the hearing, Vanunu was
... (Continued on Back Page)

Haim Cohn grave, ill

KFAR SAVA. - Former Supreme
Court Justice Haim Cohn was re-
ported in critical condition last night
at Meir Hospital after suffering a
stroke.

Cohn suffered the attack while
attending a B'nai B'rith conference
at the Daniel Toros Hotel in Her-
zliya. A Magen David Adom intensive
care unit was rushed to the hotel
where doctors found Cohn clinically
dead. After various attempts at re-
suscitation, the medical team man-
aged to get his heart to beat again
and he was transferred, uncon-
scious, to the hospital.

Oil

COURT
lem Post
at scrolls found
searched a home
in Bethlehem is
a Dead Sea
Scroll but rather
a very bad fake,"
said Elie Shazar, spokeswoman for
the Judea and Samaria Civil Admin-
istration.

Prof. Nahman, a rabbi at the He-
brew University and aologist who ex-
amined the Jewish Quarter of Jeru-
salem's Old City after the 1967 War,
came to this conclusion yesterday
evening, Shazar said.

He checked one of the scrolls
carefully and found out it's a fake,"
she said. "The rest of the scrolls still
have to be checked."

The scrolls were found during a
police search con- nected with the
ongoing investigation into the affairs
of Jerusalem District Representative
Rahm Levy. Levy is arrested on
November 6 on suspicion of fraud
and bribery.

The two brothers in whose house
the scrolls were found were reman-
ded in custody for seven days in the
Tel Aviv Magistrate's Court. They
are suspected of having bribed Levy.

Police said the two, William and
Edmund Shuhin-Candu, kept large
sums of foreign currency belonging
to Levy in a safe in their antiquities
shop in Jerusalem.



Mordechai Vanunu in a police van outside the Jerusalem District Court yesterday. (Elihu Harati)

Amal fighting 'rearguard action'

Palestinians claim control of village

Post Middle East Staff
and Agencies
SIDON. - A unified Palestinian
force tightened its grip on the Chris-
tian hilltop village of Maghdousheh
near here yesterday, and claimed to
be advancing towards two towns
held by the Shi'ite Amal militia in
the surrounding hills.

The Palestinians have established
"uncontested" control of Maghdousheh,
where a battle has raged for a full week, according to state-
ments from Fatah and two pro-Syrian
Palestinian factions fighting alongside
Yasser Arafat's forces against Amal.

The Damascus-based National
Salvation Front and the Democratic
Front for the Liberation of Palestine
also said that Palestinian fighters had
overrun Amal positions in the sur-
rounding hills, and were advancing
towards the villages of Ghaziyah and
Anqum to the south and southeast
of Maghdousheh.

But a spokesman for Amal said
the Shi'ite fighters still held on to the
eastern portion of Maghdousheh
yesterday evening.

Reporters and photographers who
entered the town, about seven
kilometres east of Sidon, also said
they saw Amal fighters still fighting
rear-guard actions yesterday after-
noon in the eastern sectors.

Police said at least 105 people
were killed and 269 injured yester-
day in the fighting at Maghdousheh
and in clashes around Beirut-area
Palestinian refugee camps.

The Beirut camps comprise the
second front in the so-called "camp
war" between Amal and the Palesti-
nians.

Amal leader Nabih Berri charged
yesterday that Arafat was personally
directing the Palestinian forces from
Baghdad and was deliberately esca-
lating the hostilities to "keep the
camps war as a political pressure
card."

State-run Radio Beirut said Berri
made the statement in Damascus,
where Syrian, Libyan and Iranian
mediators have been trying in vain
for nearly a week to arrange a truce.

In Tunis, the PLO called for an
emergency Arab foreign ministers'
meeting to discuss the camps war,
the Palestinian News Agency Wafa
reported.

In an interview yesterday with
Radio Monte Carlo, Arafat charged
that Amal's ultimate goal was to
expel the Palestinians from Southern
Lebanon and to set up a Shi'ite
canton in the region. Amal, mean-
while, has accused Arafat of trying
to reassert PLO dominance in South
Lebanon, four years after being ex-
pelled by the Israeli invasion.

For now, the PLO's capture of
Maghdousheh's bluffs, which com-
mand the coastal highway near
Sidon, imperils Amal's supply routes
between Beirut and South Lebanon.

JSO director quits amid doubts about orchestra

By GREER FAY CASHMAN
Jerusalem Post Reporter
Yehudah Fickler, the director of
the Jerusalem Symphony Orchestra,
has resigned amid rumours that the
orchestra is to be dismantled.

The JSO, an independent arm of
the Israel Broadcasting Authority, is
said to have become a financial bur-
den on the IBA. Current losses are
put at \$2 million. JSO members feel
that the orchestra has been misman-
aged. One of the reasons it is operat-
ing at a loss, they say, is that the IBA
offers free admission to many of its
concerts.

The IBA has denied reports that
the orchestra will be dismantled. But
there is enough evidence to suggest
that it is looking for ways to either
trim or share the costs of running it.

IBA Director-General Uri Porat
appointed a public commission on
Thursday to review the status of the
JSO. The commission, headed by
attorney Yehoshua Beinisch, is to
complete its study within two months.

Fickler, whose resignation becom-
es effective January 5, told *The Jeru-
salem Post* that he did not know if the
appointment of the commission re-
sulted from his resignation. He felt
fairly certain, however, that the
orchestra would continue to exist.

Police sceptical of report on use of 'crack'

Cocaine-based 'danger-drug' here

By YORAM GAZIT
TEL AVIV. - The Israeli police
refuse to acknowledge the introduc-
tion of "crack," an especially
dangerous and addictive form of
cocaine, into the local drug market.

However, Miki Ripper, head of a
drug rehabilitation centre in Jaffa,
told *The Jerusalem Post* yesterday
that the drug has been in use in Israel
for some time, though it may be
going under a name other than
crack.

Police sources told *The Post* that
they knew of two instances in which
crack has been found by police. In
one case, a significant amount of the
substance was found when a well-

Reagan fights back; call for 'Watergate' probe

By WOLF BLITZER
and **WALTER RUBY**
Jerusalem Post Correspondents

WASHINGTON. - President Ronald Reagan yesterday strongly defended his controversial decision to sell arms to Iran and also praised his former National Security Council aides, Vice Admiral John Poindexter and Lt. Col. Oliver North.

Meanwhile, Senate majority leader Bob Dole was urging the president to convene a special session of Congress to appoint a Watergate-style committee to investigate the arms deal.

Dole, a member of Reagan's Republican party, was speaking in an interview on the ABC television network programme "This Week with David Brinkley." He said Congress "ought to be called back to town next week," rather than waiting until it reconvenes with new members.

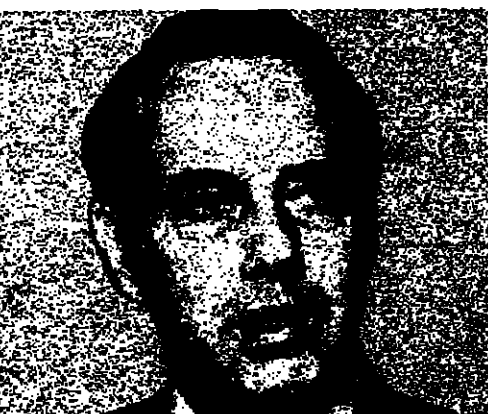
The president, in an interview published yesterday in *Time* magazine, strongly took the offensive. He said the entire incident has left "bitter bile in my throat."

He also referred to critics as "sharks, circling like they are now with blood in the water," specifically lambasting the news media.

The frenzy in the Congress is not unusual for them. This will not paralyze the government. It will make it more difficult for me, yes, but I still would have risked it," the president said in the interview.

Dole said Reagan was still popular and would survive the crisis. But he had to act to allay doubts raised by the scandal among the public, Congress and U.S. allies.

In defending the initial policy decision to explore the possibility of improving relations with a



Senator Dole

strategically important Iran, Reagan said the U.S. would not "back off" from that course. He said he would not now try to disavow the policy, adding that it was not a mistake. He also went out of his way to praise both Poindexter and North.

After recalling that North had been in charge of the U.S. effort to capture the Achille Lauro hijackers as well as several other sensitive U.S. operations, the President described North as "a national hero." He said that both North and Poindexter had "fine records."

Poindexter resigned as National Security Adviser last Tuesday and North was fired after the disclosure that perhaps as much as \$30 million in profits from the U.S. arms sales to Iran actually went to Contra rebels fighting the Sandinista regime in Nicaragua.

Reagan and other senior Administration officials have insisted that they were unaware of that Iran-Contra funding scheme. Poindexter, they said, knew of it, generally, but only North supposedly had "precise" knowledge of the entire operation.

Reagan was due to return to Washington yesterday from his California ranch, where he spent the Thanksgiving holiday. He and his aides clearly have been hoping that the controversy would go away, but that has certainly not occurred.

Several Congressional committees are to hold both open and closed hearings on the matter this week, guaranteeing that the controversy will continue to dominate the headlines.

The panels - as well as a continuing Justice Department investigation and a separate three-member commission of inquiry named by Reagan - will attempt to determine whether any U.S. laws were broken in the course of funding the Contras. They will also attempt to learn if any other U.S. officials were involved in the scheme.

U.S. officials yesterday said that they had already begun preliminary discussions with the Israeli government regarding the questioning of several Israeli officials and private citizens implicated in the Iran arms deal.

A U.S. Justice Department official said that a team of FBI investigators hoped to travel to Israel shortly to question both the top Israeli leadership as well as private Israeli arms dealers involved in the operation.

Newsweek magazine yesterday said that Israel had maintained a "booming" arms business with Iran for some time. The report said that Israel had worked closely with an unnamed "crony" of

(Continued on Page 2, Col. 3)

A PLO 'gain' but stalemate expected

By JOEL GREENBERG

The PLO's successes in its battles with Shi'ite Amal forces at Maghdousheh do not signal a dramatic change in the balance of forces in Lebanon, but represent significant PLO gains at the expense of Syria, according to Lebanon expert Yossi Olmert, of the Dayan Centre at Tel Aviv University.

"It's not a dramatic breakthrough, but rather another round of fighting and bloodletting, which will apparently end in further stalemate," Olmert told *The Jerusalem Post* yesterday.

The PLO successes at Maghdousheh are a personal victory for Yasser Arafat, who has succeeded in

ANALYSIS

uniting various PLO factions - including pro-Syrian groups - in one fighting force loyal to his leadership, Olmert said. The PLO forces are fighting with high motivation, and have even received cooperation from the Christian Phalangists.

A victory at Maghdousheh on the hills east of Sidon would also be a key gain towards controlling the port city, which would serve as the PLO's gateway to South Lebanon.

The PLO's victories against the

Syrian-backed Amal, with the participation of Palestinian pro-Syrian factions, reflects Syria's current weakness in Lebanon, Olmert said.

According to Olmert, this weakness has a number of causes: international pressure and sanctions against Damascus after the recent disclosures of its involvement in terrorism; Syria's severe economic problems; its isolation in the Arab world; its fears of Israeli retaliation if it acts too boldly in Lebanon; and, most recently, its "betrayal" by Iran, which has brought weapons from the U.S. and Israel in a bid to effect the release of hostages in Lebanon without Syrian intervention.

"The Syrians are preoccupied now

with their own problems and are faced with a very confused and fluid situation on the ground in Lebanon," Olmert said.

As long as the PLO and Amal are locked in see-saw combat at Maghdousheh and the Beirut refugee camps, the Druse forces of Walid Jumblatt see no reason to intervene, and are happy to see their rivals exhausting one another, Olmert said.

A large scale PLO victory, however, and the collapse of Amal in the hills overlooking Sidon could be costly for Yasser Arafat, since it could lead to a Druse response to prevent an expansion of the Palesti-

(Continued on Back Page)

Sikhs slay 24 in bus massacre

CHANDIGARH (AP). - Sikh militants pulled passengers off a bus in the Punjab state yesterday and shot to death at least 24 identified as Hindus.

Police said that four turbaned men, travelling on the bus, pulled out submachine guns and forced the vehicle to stop near the village of Khudda. They then segregated the passengers by religion and killed those of the Hindu faith, a police spokesman said in the state capital, Chandigarh.

Police said that apart from those killed, eight people were wounded in the attack. About 40 people were on the bus.

A similar killing of 14 Hindu bus passengers in Punjab last July prompted rioting the following day in New Delhi, in which six people died.

Punjab Governor S.S. Ray appealed for restraint following the "act of madness." Punjab police were put on alert to prevent any violent reaction to the slayings.

More than 600 people, most of them Hindus or moderate Sikhs, have been killed this year in hit-and-run attacks which police blame on Sikh militants fighting for an independent state in Punjab.

Sikhs make up 2 per cent of India's 780 million population, but they are a majority in Punjab, which lies along the Pakistan border in northern India.

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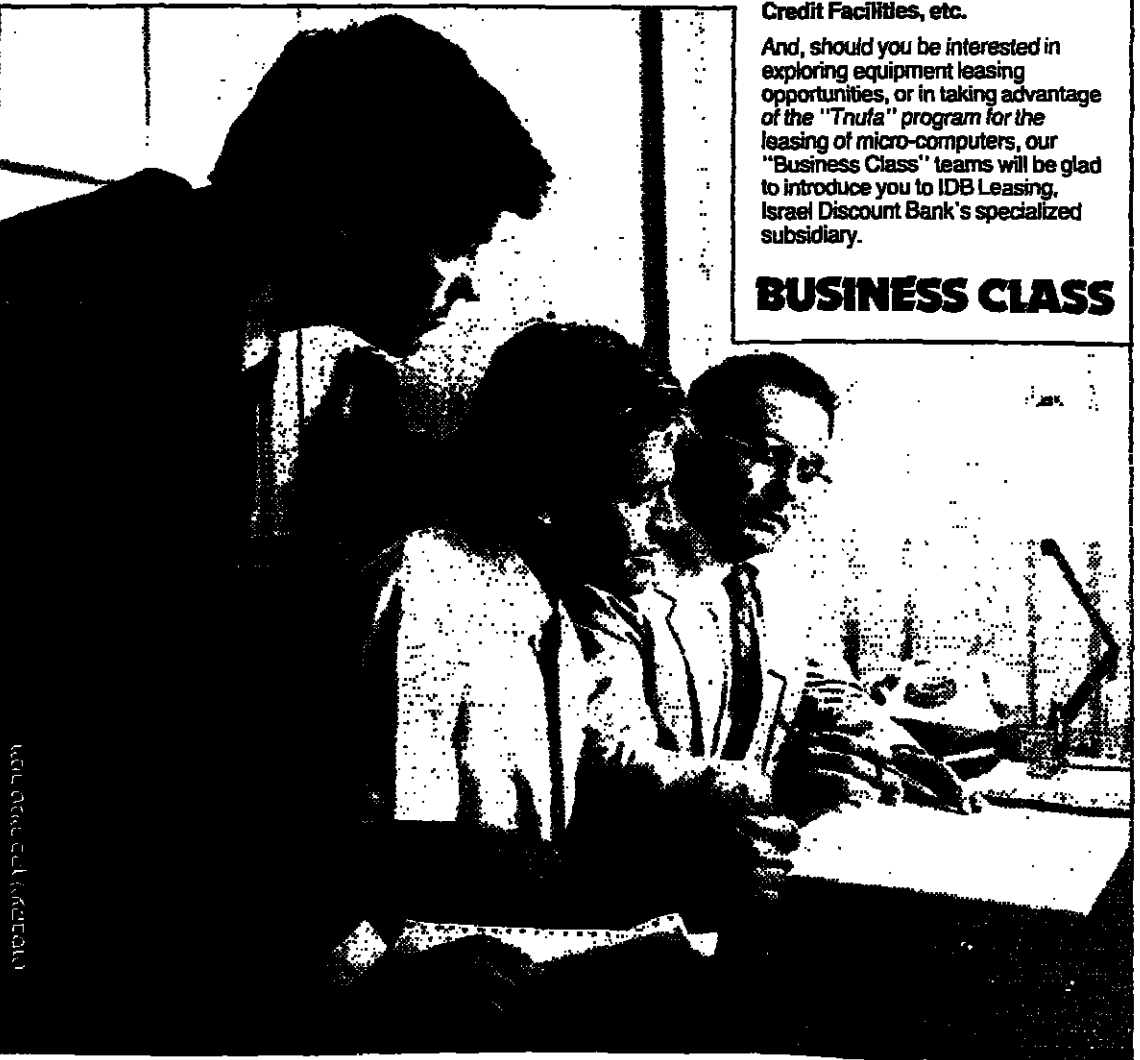
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CHICAGO	-1	2	8	Clear
COPENHAGEN	-1	2	8	Clear
FRANKFURT	-1	2	8	Clear
GENEVA	-1	2	8	Clear
HONG KONG	15	20	25	Clear
KANSAS CITY	-1	2	8	Clear
LONDON	-1	2	8	Clear
MADRID	-1	2	8	Clear
MONTREAL	-1	2	8	Clear
NEW YORK	-1	2	8	Clear
OSLO	-1	2	8	Clear
PARIS	-1	2	8	Clear
ROME	-1	2	8	Clear
ST. LOUIS	-1	2	8	Clear
STOCKHOLM	-1	2	8	Clear
TOKYO	15	20	25	Clear
TORONTO	-1	2	8	Clear
VIENNA	-1	2	8	Clear
ZURICH	-1	2	8	Clear

*For the latest weather conditions contact Swissair.

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THE WEATHER

Forecast: Partly cloudy to cloudy, with occasional showers

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Min-Max
Jerusalem	85	6-8	8
Golan	92	3-10	9
Nahariya	61	9-13	12
Safed	67	5-7	6
Haifa Port	81	9-13	13
Tiberias	93	8-16	15
Nazareth	86	7-11	10
Afula	88	7-13	13
Shomron	87	6-10	10
Tel Aviv	88	11-14	14
B-G Airport	95	9-13	13
Jericho	78	11-16	16
Gaza	72	12-17	17
Beer-Sheva	91	10-14	14
Eilat	42	12-21	20

ARRIVALS

Police Minister Haim Bar-Lev, from a visit to the U.S. and France where he met with police and prison officials.

Mr. and Mrs. Alvin Gershon, of the Jewish Theological Seminary of America, for the seminary's centennial celebrations and tour of the Maccabean Temple in Jerusalem.

Mr. Hyman Kreiman, chairman, Ben-Gurion University Foundation, Great Britain, to participate in the Ben-Gurion Centennial Celebrations.

Kinneret level now up by 29 cm.

The level of Lake Kinneret had risen by only a centimetre yesterday as a result of the weekend rains, said the spokesman for Mekorot, the national water company.

He said the level of the lake had risen only 29cm. since the beginning of the rainy season, despite the unusually heavy rains this year. The lake is still more than two metres below its optimal level.

In some parts of the country, including Ashdod and Hazer, the rainfall so far this year has already exceeded the yearly average. Jerusalem, Jericho, and Ben-Gurion Airport have received more than half their annual average.

A light snow began to fall yesterday morning on Mt. Hermon.

Rainfall in the 24 hours until 8 p.m. yesterday:

Jerusalem: 6mm; Tiberias: 3.1mm; Nazareth: 2mm; Afula: 1mm; Shomron: 1mm; Tel Aviv: 4.4mm; Ben-Gurion Airport: 1.3mm; Haifa: 4mm; Gaza: 1.5mm; Beer-Sheva: 1.4mm; Eilat: 0.4mm.

Refuseniks arrive

LOD. - Refuseniks Dr. Yosef Irlin and his wife Svetlana (Ora) arrived in Israel yesterday after a six-year stay for exit visas, and were warmly greeted by Israeli cancer researchers. Irlin was fired from the Moscow Centre for Cancer Research when he applied to emigrate.

Irlin said he had two goals: to resume his work in oncology, and to help other refuseniks leave the Soviet Union.

Scientists from the Weizmann Institute told Irlin there was a post in oncology waiting for him there.

KIRKPATRICK. - Former U.S. ambassador to the UN James Kirkpatrick is to arrive in Israel on December 6 to participate in the inaugural conference of the Jewish Kirkpatrick Forum for Public Leadership and Public Policy at Tel Aviv University. The theme of the conference, which begins on December 7, is "Local Government in Israel."

Japanese, Swedish cars to be more expensive

By JONATHAN KARP
Israel hopes to pressure Japanese and Swedish car makers to buy Israeli products by keeping import duties on their vehicles at the current high levels after those from European Community and U.S. manufacturers are scheduled to drop.

The tactic, which has gained approval of the finance, transport and industry ministers, will probably make Japanese and Swedish cars more expensive in Israel after January 1 while other car prices drop.

The Japanese economic attaché in Israel said his government at the

HOME AND FOREIGN NEWS

Sen. Inouye sees Shamir today

Cabinet: Reports on Israel role in Iran deal 'untrue'

Post Diplomatic Correspondent
The government yesterday dissociated itself from "various and unfounded" reports about Israel's role in the Iranian arms scandal.

Following yesterday's cabinet meeting, Cabinet Secretary Elyakim Rubinstein read out a prepared statement saying that published reports attributed to unidentified sources "have no foundation in reality" and could misinform the readers.

The decision to issue the statement was taken by Prime Minister Shamir after consulting with ministers and aides. It was not a cabinet decision, said Rubinstein.

The statement came after a cabinet review of the scandal, at a

session declared a meeting of the Ministerial Defence Committee and, as such, secret. The cabinet was briefed by Shamir, Foreign Minister Peres and Defence Minister Rabin.

The three answered various questions about Israel's role, some of them critical of the government's policy and the decision-making process involved. Some ministers complained of the belated briefing of the cabinet.

Prime Minister Shamir will receive first-hand impressions today of how Washington views the Iran imbroglio and Israel's role in it, from visiting Senator Daniel Inouye, who arrived here yesterday.

Shamir will meet the senator both for a working session and for lunch.

Inouye is considered a very important guest both in the Iranian scandal context and because of his influence on American policy decisions on foreign aid. Israel hopes the U.S. will agree to reduce interest on various loans.

The cabinet also discussed the Tabat compromise yesterday and the state of higher education (see separate stories) but, for lack of time, deferred discussion of the "Nakash Law" until next week.

The Citizens Rights Movement has asked the government and the coalition to reject the "Nakash Law" proposed by Justice Minister Shamir, saying that Israel is not the cesspool of the Jewish people and should not provide refuge to people who committed crimes in other countries.

Nimrodi confirms: Arms for U.S. hostage

Jerusalem Post Staff
Israeli arms dealer Ya'acov Nimrodi confirmed over the weekend that he had arranged the despatch of a plane load of military equipment for Iran which resulted in the release of U.S. hostage Benjamin Weir by his Iranian-backed Lebanese captors.

But Nimrodi said he had no other business dealings with Iran since the rise to power of the Khomeini regime in 1979.

Breaking his silence over Iranian arms affair, Nimrodi told Ha'aretz and Galiel Zahal London correspondent Shaul Tzadka that he had acted to help the U.S. and had made no profit on the deal.

Nimrodi said in a prepared statement that he dropped out of the arms deal after Weir's release on September 19, 1985.

Nimrodi, a former Israeli military attaché in Tehran, said President Reagan told the truth when he said he had authorized weapons "that would fill one plane and have room left over."

In one cryptic reference, Nimrodi indicated that the idea to trade arms

to Iran for the hostages originated in Israel.

"When the hostages [who were] U.S. citizens, were captured and disappeared, a meeting took place in the office of a high-ranking Israeli government personality in which the idea was raised that I should use my broad connections in the world and my acquaintance with certain people in Tehran to try and see if there is any way to bring about the freedom of the American hostages," he said.

After Weir's release, he said, "the Americans apparently reached the conclusion that they could continue the efforts to release the other hostages without my help, and therefore continued the negotiations without me."

Nimrodi, who is reputed to be one of Israel's largest private arms merchants, denied that he had earned millions of dollars in deals with Iran.

Nimrodi said he had decided to speak out because the Israeli government was not saying anything in his defence, despite reports that he and another arms merchant, Al Schwimmer, had raked in millions of dollars

in a series of secret transactions with Iran.

Israeli officials have said that Nimrodi and Schwimmer sold weapons to Iran privately at the same time they helped transfer the arms authorized by U.S.

David Horowitz adds from London:

Informed observers here are questioning the authenticity of a contract according to which Nimrodi negotiated the sale of \$135 million worth of U.S. weaponry to Iran in 1981. The contract was published in the French newspaper liberation in 1983.

Both the Sunday Telegraph and Observer newspapers yesterday quoted from the contract and said that they had a copy of it. But observers believe that the papers did not publish a picture of it because they too had doubts about its authenticity.

Nimrodi, a millionaire who divides his time between Britain and the U.S. and Israel, is said to believe that the contract was forged by pro-Iranian groups bent on incriminating Israel and himself in illicit arms dealings.

Arbitration on Tabat next week

Post Diplomatic Correspondent
The cabinet yesterday ratified the Tabat arbitration compromise paving the way for the exchange of documents with Egypt that will precede the opening of the arbitration process in Geneva on December 8.

Only Industry and Trade Minister Ariel Sharon was opposed. He called for a postponement of the ratification until Egypt closed the PLO offices in Cairo, paid compensation to the families of the victims of the 1985 Ras Burka massacre, and generally implemented various "normalization" agreements, including the one covering Egyptian tourism to Israel. Sharon noted that the PLO announcement of responsibility for the grenade attack on the IDF trainees in Jerusalem near the Old City's Dung Gate had come from the organization's Cairo offices.

Minister-without-Portfolio Yosef Shapira refused to sign the document, on what sources called "technical grounds."

Foreign Ministry legal adviser Robbi Sabel, defending the arbitration agreement, replied that Egypt had agreed in principle to pay compensation for Ras Burka and was committed to improving bilateral ties.

Defence Minister Rabin and Foreign Minister Peres called on the ministers to ratify the document, arguing that a delay would cause immense harm to the peace process.

The two countries will exchange the documents after the Egyptian government ratifies the compromise, a day or two before the proceedings open in Geneva.

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Ifalpa reneges on Syria boycott

By MICHAEL YUDELMAN
Jerusalem Post Reporter

TEL AVIV. - The International Federation of Airline Pilots Associations (Ifalpa) has surrendered to terrorism. Yitzhak Gonen, the chairman of the Israeli Pilots Association (IPA) said yesterday.

Gonen was responding to a telegram the Israeli Association received yesterday from Ifalpa in which the federation announced it was reversing its decision to impose a 24-hour boycott on Syria and Libya.

IPA had initiated the decision on the boycott a fortnight ago in protest against that Saudi Arabia played an even more central role in the Iran arms transfers and the funding of the Contras than did Israel.

The report said that the U.S. overtures to Iran, beginning in 1985, were "forged more by Saudi Arabia

Splinter chess group seen favourable to new approach

By YITZHAK LISS

Israeli chess champion Natan Birnboim beat Victor Korchnoi of Switzerland in the fifth round of the Jerusalem International Chess Tournament late Saturday night.

In the sixth round yesterday, International Master Birnboim lost to Grandmaster Kurt Hansen of Denmark.

Hansen leads the tournament with five points from five games and an incomplete game. He is followed by Dmitry Gurevich of the U.S. with three-and-a-half points and one incomplete game, and by Birnboim, also with three-and-a-half points.

Meanwhile, the Israeli Chess Federation, which has boycotted the tournament, yesterday announced that it would recognize the proceedings if the organizers, the Israeli Chess Organization (ICO), acknowledged the federation as the sole representative of Israeli chess activities here and abroad.

Recognition by the federation, which represents Israel in the international chess body Fide, would allow the tournament's results to be used in international rankings.

The ICO, a splinter group of the federation, is holding the tournament in protest against the World Chess Olympiad currently being held in Dubai.

Almog Burstein, tournament director and one of the heads of the organization, said yesterday that the ICO views the federation's announcement favourably, and will make a formal announcement soon to indicate its readiness to recognize the federation as the "legitimate representative of chess activities in Israel and in Fide." It will also extend an invitation to a representative of the federation to participate in the tournament's closing ceremony.

REAGAN

(Continued from Page One)

unnamed "crony" of former Philippines president Ferdinand Marcos to obtain false "end-user" certificates indicating that Israel was selling American-made weapons to the Philippines when in fact they were going to Iran.

Newsweek reported that Israel sold Iran \$100 million in arms in 1983 alone.

In 1984, Israel denied that it was involved in any arms deals with Iran, after Secretary of State George Shultz stated publicly that he didn't want American-made arms sent to Iran. However, the magazine said, the administration changed its stance in 1985, and approved an Israeli suggestion to trade U.S. arms for the freedom of American hostages being held by Shi'ite extremists in Lebanon.

The magazine reported that when Israel asked Washington last year what to do with the proceeds of the first arms sale to Iran done as a U.S.-Israeli cooperative venture, Lt. Col. North directed the Israelis to put \$1 million in a Swiss bank account. A balance of \$4 million was sent to the U.S. to pay for weapons to replace the U.S. weapons Israel sent to Iran.

In a lengthy front-page article yesterday, The New York Times reported that Saudi Arabia played an even more central role in the Iran arms transfers and the funding of the Contras than did Israel.

The report said that the U.S. overtures to Iran, beginning in 1985, were "forged more by Saudi Arabia

Panel to review higher education

Post Diplomatic Correspondent

The cabinet yesterday set up a four-man ministerial committee to review, and make recommendations on, the financial crisis in higher education, including tuition fees.

The proposal to set up the committee, chaired by Prime Minister Shamir and including Foreign Minister Peres, Education Minister Yitzhak Navon and Finance Minister Moshe Nissim, was made by Housing Minister David Levy. It was a compromise between Navon's proposal that a public committee - composed of government, university, student representatives and a public figure - be set up to determine tuition fees, and Nissim's proposal that the fees be raised by the government.

The ministerial committee will also study other ways the government can help extricate the universities from the crisis which is characterized by massive deficits and large debts to the banks.

The cabinet decision followed reports on the state of the universities by Prof. Jortner, the president of the Israel Academy of Sciences and Humanities, and Prof. Ziv, chairman of the key Planning and Budgets Committee of the Council for Higher Education.

2 youths jailed for attempted murder

Two teenage boys from the village of Hizma, near Ramallah, were convicted yesterday of attempting to murder two Israeli hikers in Wadi Kelt last August.

The Ramallah military court sentenced one of the youths to 18 years in prison and the other to 15 years.

The youths were also convicted of illegally possessing weapons and producing petrol bombs. (Itim)

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With profound grief we announce the passing of our beloved husband, abba and saba

EDWARD HOROWITZ

The funeral will take place today, Monday, December 1, 1986, at 1 p.m. at the Eretz Hahaim Cemetery, Beit Shemesh. Bus transportation will leave from the Superol parking lot, Rehov Agron, Jerusalem at 12 noon.

Deeply mourned by:
His wife, Silvia
His children, Tamar and Victor Kogen
Carmi and Sara Horowitz
Hadasa and Larry Lewis
Jonathan

His brothers and sisters
and all his seventeen adored grandchildren
Shivat at 198 Keren Hayesod St., Jerusalem



Former prime minister Menachem Begin is supported by his two daughters at a memorial yesterday for his wife Aliza, who died four years ago. The service was also attended by 1 Minister Shamir and his wife, ministers Haim Coru and Moshe Arens, other Knesset members and public figures, and family friends. After the service, Begin shook hands with many of them and thanked them for coming. (Rahamim Israeli)

Jewish and Arab cars attacked

Vehicles belonging to Jews and Arabs were attacked in Jerusalem yesterday, and top police officers met to discuss ways of dealing with the violence in the capital in the wake of the fatal stabbing of yeshiva student Eliahu Amedi two weeks ago.

At a meeting attended by Inspector-General David Kraus, the police decided to prohibit all demonstrations, processions and memorial assemblies in the Old City, in order to avoid disturbances.

The decision does not apply to traditional religious processions held every year.

Two cars belonging to Jews were set on fire before dawn yesterday in the neighbourhood of Abu Tor, causing serious damage.

Abu Tor straddles the pre-1967 border and has both Jewish and Arab residents.

Rocks were thrown at an Israeli truck as it passed the Rockefeller Museum in East Jerusalem yesterday afternoon. A window was broken but the driver was not injured. The stones were thrown from the direction of the Old City wall.

Stones were also thrown at two Arab-owned cars in the Jewish neighbourhood of Musara. The back windows of the cars were broken.

In Ramallah, meanwhile, students of the "Hizmas" training college demonstrated on the town's main street, tossing stones at cars, waving PLO flags and chanting slogans against Israel and the military government.

Security forces broke up the demonstration and the civil administration decided to close the college today. (Itim)

Defence Ministry want budget upped by NIS 400m

By AVI TEMKIN
Post Economic Reporter

The Defence Ministry budget should be increased by NIS 400 million in the coming fiscal year, the Ministry's director-general, David Ivri, said yesterday. This sum would enable the army to meet its minimal training requirements and maintain its existing equipment.

Speaking to journalists, Ivri and other top Defence Ministry officials also defended the army's demand for higher salaries for professional soldiers. In recent years, they said, the number of professional army personnel has decreased by 10 to 13 per cent. To prevent a depletion of army ranks the IDF would like the government and the Knesset to grant professional soldiers a 16 per cent wage hike, and to legislate a bill formally severing their salaries from wages in other sectors of the economy.

Ivri and his colleagues said no other sector had contributed more to budget cuts than the defence establishment.

"In cumulative terms we have slashed close to NIS 4.7 billion in the last four years," one official said. While it was true that American military aid had increased, he added, this did not offset other cuts in the military budget.

The press conference came one

Alleged Amedi stabbers charged with murder

Three youths from Jenin who allegedly killed yeshiva student Eliahu Amedi a fortnight ago were charged with murder yesterday in the Jerusalem District Court. One of the three is suspected of having held Amedi while the other two stabbed him 14 times, the charge sheet says.

The three are Samir Mahrum, 20, Omar bin-Naif Zayid, 22, and Hamsa bin-Naif Zayid, 20.

According to the charge sheet, Mahrum was studying in Amman in October 1985, when he was recruited by the Popular Front for the Liberation of Palestine. Several months later he returned to Jenin and enlisted his two childhood friends, the Zayid brothers, one of whom had just been released from an Israeli prison.

Encouraged by news of stabbings and assaults in sheet states, the accused continued to Jerusalem. A Gate at 11 a.m. knives and walking alone. One of the legs was in the Vanu in the back.

The prosecutor accused the accused of the murder. To call 28 witnesses. The hearing morning.

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Ministry backtracks on tomatoes

By ANDY COURT

Reversing the position it took last week, the Agriculture Ministry yesterday decided that it would not import tomatoes from Europe.

Acting Agriculture Minister Ezer Weizman put a halt to the ministry's plans to immediately import 100 tons of tomatoes. His decision followed calls from tomato growers in the Arava and Jordan Valley who said that before the tomatoes could arrive from abroad, an ample supply of their own produce would already be on the market.

Weizman is filling in for Agriculture Minister Arye Nehamkin, who decided last Thursday to import tomatoes and then left on a 10-day trip to the U.S. Nehamkin was consulted by telephone and agreed with Weizman's spokesman.

The matzeiva of our beloved husband, father and grandfather

MOSES KAMINSKY

will be consecrated on Thursday, December 4, 1986, at 3:30 p.m., at the Mount of Olives, New Block, Area 4, Section 6. We will meet at the entrance directly below the Intercontinental Hotel at 3:15 p.m.

Betty Kaminsky
Annie and Shulamit Kaminsky and Family
Ariene and Mordy Stein and Family

Union Carbide offer 'not admission of blame for gas leak'

\$3b. set aside for Bhopal claims

BHOPAL — A judge lifted a freeze on the sale of Union Carbide Corp.'s assets here after the U.S.-based multinational company agreed that a court injunction remain on \$3 billion worth of its assets to cover claims of more than half a million victims of the 1984 Bhopal toxic gas disaster.

Carbide, thus given the green light to go ahead with its financial reorganization, has meanwhile filed an affidavit in Bhopal district court saying that New Delhi originally wanted only \$630 million in an out-of-court settlement. India had rejected an earlier offer by Carbide of \$350m. in settlements of the claims.

Subsequently, the Indian government sued for \$3 billion in damages.

It was the first official statement that New Delhi would be settled for far less out of court than it is now seeking in a trial to begin in January.

Yesterday Judge G.S. Patel of the court ordered the company to furnish a certificate of a court-appointed assessor on \$3b. of its assets, thus limiting an earlier general ban on the sale of UCC holdings. The company agreed that the assessor certify every three months that it is maintaining the required assets.

The court began hearings in September when the Indian government filed a suit claiming damages of \$3b. against Union Carbide on behalf of some 520,000 people affected by a toxic gas leak from its Bhopal pesticide plant.

Some 2,300 people were killed and 200,000 injured in the disaster.

Union Carbide offered last Thursday to give the court an affidavit pledging \$3b. in assets, in an attempt to have the injunction lifted against the rest of its holdings.

UCC had offered to provide a value but Indian government lawyers objected and Judge Patel ruled that he would choose one from two lists of six candidates, with the company and the government each presenting a list.

"We are pleased that our offer has been accepted by the court," a company spokesman said. "We firmly believe that the recapitalization plan will benefit everyone concerned."

Union Carbide said it would benefit financially from selling assets, including its headquarters in Danbury, Connecticut, and thus be in a better position to pay any creditors.

A company statement said the pledge to the court "does not amount to an admission of liability."

Judge Patel said the court should start hearing arguments on January 12, and added that "speedy trial is of utmost importance" because of high litigation costs.

India claims Union Carbide is wholly responsible for the disaster and claims the pesticide plant was badly designed and maintained. It maintains the leak occurred because of inadequate safety procedures and equipment.

UCC, in a counter-suit filed in the Bhopal court, alleges that Indian experts were involved in design and construction of the plant. It says the Indian government and the government of Madhya Pradesh State are partly responsible for the disaster because they allowed slum-dwellers to move next door to the plant.

UCC also argues that the leak was caused by sabotage, stating that a large amount of water was deliberately introduced into a storage tank containing the deadly methyl isocyanate, causing an explosive reaction. (AP, Reuters).

Screen idol of the 'golden era,' Cary Grant, dies at age 82

LOS ANGELES (Reuters). — Cary Grant, who died in hospital in Davenport, Iowa, late Saturday night aged 82, proved the most durable of the original tall, dark and handsome young men of Hollywood's "Golden Era" prior to World War Two.

The elegant matinee idol appeared in more than 70 films, mainly light comedy and farce, and earned a reputation as a perfectionist. In most roles he acted as a sophisticated man of the world with good looks, tenderness and a sense of humor.

During his 30-year film career, the British-born actor played opposite many famous international stars including Marlene Dietrich, Ingrid Bergman, Marilyn Monroe, Grace Kelly, Katharine Hepburn, Sophia Loren and Audrey Hepburn.

Katharine Hepburn once said of Grant's acting charisma: "He is personally charming."

He quit films in 1966, becoming an executive for the Fabergé perfume house. In 1981, he married his fifth wife, former British publicity agent Barbara Harris, when she was 30 and he 77.

Although nominated, he never won an Oscar. Hollywood's most coveted award for acting. But at the 1970 awards ceremony Grant was presented by Frank Sinatra with a special honorary Oscar "for his unique mastery of the art of screen acting."

The award was made in Grant's real name, Alexander Archibald Leach. He was born in Bristol, England on January 18, 1904, the only son of a clothes presser.

His mother, a shipwright's daughter who taught him to sing and dance, suffered a nervous breakdown when he was 12 and she did not recover until he was a star.

At 13 he ran away to join an acrobatic troupe known as Pender's Comedians where he learned how to tumble and walk on stilts.

Archie Leach travelled with the troupe to the U.S. in 1920 and decided to stay, doing odd jobs. Three years later he returned briefly to Britain where Arthur Hammerstein saw him perform and took him back to New York to play in a musical.

He appeared in many New York Vaudeville acts during the 1920s, during which time he changed his name to Cary Grant.

Grant went to Hollywood in 1931 and was hired to feed lines to an actress being tested: he got a contract but she did not.

His first film was *This Is The Night* (1932) but he was quickly spotlighted the same year as Marlene Dietrich's *Blonde Venus*.

His career took off after sex-symposium *She Done Him Wrong* (1933), gave him her famous invitation: "Why don't you come up and see me some time?"

Grant's status changed from that of leading man to star actor when he played the role of a Cockney confidence trickster opposite Katharine Hepburn in *Sylvia Scarlett* (1936).

He starred with her again in the slapstick *Bringing Up Baby* — the baby was a leopard — in 1938.

His major films in the 1940s included: *His Girl Friday* with Rosalind Russell; *My Favourite Wife* with Irene Dunne; *The Philadelphia Story* with Katharine Hepburn; *Notorious* with Ingrid Bergman and *I Was A Male War Bride* with Ann Sheridan.

Grant received an Oscar nomination for playing a cockney tramp, one of his few serious roles, in *None But The Lonely Heart* (1945) but failed to get the coveted prize.



Cary Grant

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After a few less notable comedies, Grant's career was waning in the mid-1950s until director Alfred Hitchcock brought him back with Grace Kelly in *To Catch A Thief* in 1955.

His later films included: *Houseboat* with Sophia Loren (1959), *North By Northwest* with Eva Marie Saint, *The Grass Is Greener* with Deborah Kerr (1961); *That Touch of Mink* with Doris Day (1962); *Charade* with Audrey Hepburn (1963); and *Father Goose* with Leslie Caron (1964).

Grant's last screen appearance was in *Walk, Don't Run* with British-born Samantha Eggar in 1966.

He was unique among Hollywood actors in handling his own business activities and had full control over every aspect of the films he made.

Grant insisted on perfectionism, often fussing over his wardrobe and dictating camera angles and reshooting a scene to get the timing exactly right.

Grant, who became a naturalized American citizen in 1943, had a stormy personal life.

His first marriage, to actress Virginia Cherrill, lasted less than one year. In 1942 he wed Woolworth heiress Barbara Hutton, a union which was dissolved three years later.

Grant's longest marriage was to Betsy Drake, an actress he discovered, who probably most influenced him. They were married from 1949 to 1962 and she introduced him to hypnosis and yoga to the point that he gave up smoking and drinking.

Sophia Loren, in her memoirs, disclosed that she had a one-year love affair with Grant which started when they made a film together in Spain in 1957.

He and his fourth wife, actress Dyan Cannon, had a daughter Jennifer in 1966, a year before divorcing. Grant fought several legal battles for her custody.

Grant married Barbara Harris, almost 50 years his junior, in 1981 and celebrated his 80th birthday with her quietly in 1984.

Opposition heads freed in Seoul

SEOUL (Reuters). — Dissidents were freed from house arrest and South Korea's 100,000 policemen taken off special alert yesterday as life quickly returned to normal in Seoul after a failed opposition rally Saturday.

Hundreds of police who had surrounded the homes of leading dissidents Kim Dae Jung and Kim Young Sam to stop them attending the rally withdrew this morning, the dissidents' aides said.

About 50 other dissidents and radical student leaders were also released from house arrest, opposition sources said. Police ended their blockade at the offices of many dissident groups and at the headquarters of the major opposition New Korea Democratic Party (NKDP).

The party had planned to mobilise more than a million people for the abortive rally in a Seoul park. It would have been the biggest anti-government demonstration in South Korea since a 1980 uprising in Kwangju, in which nearly 200 people died.

The government of President Chun Doo Hwan had banned the Seoul rally, saying it might be exploited by extreme leftist elements attempting to bring down "the free, democratic system" through a violent socialist revolution in favour of arch-enemy North Korea.

Scores of members of the NKDP, which is effectively controlled by the two Kims behind the scenes, yesterday ended an overnight sit-in at party headquarters. They had been protesting against the government's "barbarian and violent" obstruction of the rally.

Pope ends tour

VICTORIA, Seychelles (AP). — Pope John Paul II, en route home from the South Pacific, winds up the longest pastoral tour of his papacy today with a five-hour stop in the Seychelles, the only predominantly Roman Catholic country on his trip.

Vain wait for dissident's return brings Taipei violence

TAIPEI. — Smashed police cars littered roads around Taipei's international airport last night after a day of violent confrontation between riot police and demonstrators waiting to welcome home a leading political exile.

Thousands of demonstrators, who had expected the arrival of Hsu Hsin-liang from Japan, dispersed when it became clear he was stranded in Tokyo after being barred from boarding a plane for Taiwan.

They left behind the wrecks of about 30 police cars battered by kicks and hurled stones on approach roads to Chiang Kai-shek airport.

Seven dissidents and three policemen were injured in the clashes.

Earlier, riot police fired teargas to disperse crowds chanting support for Hsu, who has been exiled in the U.S. for seven years and faces charges of sedition in Taiwan.

A spokesman for Cathay Pacific Airways in Hongkong said some members of Hsu's party were not allowed to board the Cathay flight. Asked if this was on instruction from Taipei authorities, he said: "It

was not the case that we were working with the Taiwan government. Normally, we will not carry people to destinations which will not accept them on landing."

In Tokyo, one of Hsu's Japanese supporters said Hsu and his group might return to a Tokyo hotel and would try again today to take the Cathay flight.

Buses filled with Hsu's supporters arrived at Taipei's Chiang Kai-shek airport yesterday morning despite messages on state-run radio warning people to stay away.

Police fired tear-gas as chanting crowds surged towards them, witnesses said. Later, they used water cannon after demonstrators pelted them with stones, injuring several policemen.

Hsu, once a golden boy in the ruling Kuomintang (Nationalist) Party, is wanted for sedition in connection with riots at a human rights rally in 1979 in the southern city of Kaohsiung. He left Taiwan before the riots and has lived in the U.S. along with thousands of other Taiwanese political exiles.

'Web of corruption' tied to U.S.-Iran arms deal

PARIS (AFP). — An alleged multinational web of corruption with vested interests in sustaining the six-year-old Iran-Iraq war was yesterday linked to the current U.S.-Iran arms sales scandal by exiled former Iranian President Abolhasan Bani-Sadr.

Bani-Sadr, ousted from power in June, 1981, and now living in France, said here the web of arms traffickers with Iran included a "network of the sons of Iranian ayatollahs, like Ahmad Khomeini, the Central Intelligence Agency, Israelis and West Europeans." Ahmad is a son of Iranian spiritual leader Ayatollah Ruhollah Khomeini.

The former Iranian president said there had been constant political contacts between Washington and Tehran in various European capitals, and in Tehran over the past 18 months.

He said indirect contacts had also taken place using Israel and Saudi Arabia.

According to Bani-Sadr, the recent U.S.-Iranian negotiations revolved around five main points: oil; the stabilization of the Iranian regime; the future of Iraq and President Saddam Hussein; Iranian control of terrorist organizations linked to the U.S. hostages in Lebanon; and a "formal guarantee" that Iran would stop exporting its Islamic revolution, especially to close U.S. allies like the Gulf states.

Bani-Sadr claimed a "web of corruption" had evolved in Iran around the sale of oil and the purchase of arms.

"A year ago I learned that Tehran envoys sent to buy arms had asked for the prices to be tripled," he said. "So it was not only the Nicaraguan Contras who benefited from arms dealing."

Bani-Sadr said that, according to his information, Robert McFarlane, President Reagan's former security adviser, secretly visited Tehran in May and September, and that his aircraft was on the first occasion carrying 23 tonnes of arms and on the second even more.

MIDDLE EAST BRIEFS

Mubarak warns on Iranian threat

CAIRO (AP). — President Hosni Mubarak yesterday described Iran's warning to the Arab Gulf states as potential for "disaster," and called on all Arab states to abide by a joint defence treaty should Iran carry out its threats. Speaking to reporters about recent Iranian statements to countries supporting Iraq, Mubarak said, "threats are many, and each one threatens the other which can only lead to disaster."

U.S. Moslems seek release of hostages

BEIRUT (Reuters). — Two American Moslem leaders arrived in Beirut yesterday to launch a Christmas bid to secure freedom for all foreigners kidnapped in Lebanon. Mohammad Mahdi, secretary-general of the New York-based National Council on Islamic Affairs, told reporters at Beirut airport he hoped to meet the hostages' captors. "We have some feelers and we are very hopeful — at least 70 per cent — that actual contact will be made," he said.

Women Volunteers March in Tehran

NICOSIA (AP). — Tens of thousands of women marched Sunday in Tehran, part of the million given military training for the Iran-Iraq war, the Islamic Republic News Agency reported. "Each of these women can encourage 10 of their own family to defend the Islamic homeland," Parliament Speaker Hashemi Rafsanjani told the women volunteers.

Britain extends Gulf naval patrols

LONDON (Reuters). — Britain said yesterday it was extending its naval patrols in the Gulf because of increased attacks on tankers in the six-year-old Iran-Iraq war. More than 70 merchant ships, mainly tankers, have been attacked in the Gulf this year alone and missile strikes have cost more than 50 lives.

Aids virus bars entry to State Department

WASHINGTON (Reuters). — The U.S. State Department is to begin testing employees and job applicants for the aids virus and will generally reject job-seekers whose tests are positive, the Department said Friday.

Current employees who test positive would be retained but would have limited medical clearances for overseas assignment.

'Israel helps foil terror bid on U.S. carrier'

By DAVID HOROVITZ
Jerusalem Post Correspondent
LONDON. — Israeli intelligence agents have reportedly helped to expose a plot by Palestinian terrorist chief Abu Nidal to sink an American nuclear ship.

According to a report in yesterday's *Sunday Mirror*, Abu Nidal terrorists were planning to snatch the Challenger powerboat, formerly owned by millionaire Richard Branson of the Virgin Record Co. Challenger, the fastest ever boat across the Atlantic, was to have been packed with 10 tons of high explosives and rammed into an aircraft carrier in a suicide bombing mission, the paper reported.

Abu Nidal's reported plot, exposed by Israeli, American and French agents, was to have been in revenge for the U.S. bombing of Libya. According to documents quoted by the *Mirror*, Challenger was to have been rammed into the John F. Kennedy aircraft carrier, manned by a crew of 50,000, in the Mediterranean.

Challenger was sold by Branson to Saudi prince Al Rashid Muhammad for a couple of months ago for \$1.5 million. The prince told Branson he wanted to use it as a pleasure cruiser.

Al Rashid, the paper reported, was shocked to hear that his boat was involved in such a plot. He said he would guarantee that the boat would never fall into terrorist hands.

Stricter watch on police and courts ordered

Kremlin crackdown on rights abuses

By MARY ELLEN BORTIN
MOSCOW (Reuters). — Soviet leaders have ordered a crackdown on abuses of the rights of citizens by the country's police force and judiciary.

A decree from the policy-making Central Committee, published in the Communist Party newspaper *Pravda* yesterday, appeared to signal the resumption of a campaign initiated by former Soviet leader Yuri Andropov, who sacked long-serving Interior Minister Nikolai Shchekolov in 1982 at the start of a drive to clean up the law.

Describing the crackdown as an inalienable part of social reconstruction — the catch-phrase for Kremlin leader Mikhail Gorbachev's reform drive — the decree said that serious deviations by those meant to enforce the law had affected the vital interests of citizens.

It instructed the president of the Supreme Court, the public prosecu-

tor, the Ministers of Interior and of Justice and the Chief State Arbitrator to ensure that bodies under their command eliminated abuses and strictly observed the law.

In addition, the decree said, local elected bodies were to keep watch over the activities of the police and courts in their areas to prevent any miscarriage of justice.

In an indirect reference to long-standing practice by some officials of attempting to influence the outcome of court hearings, the decree stressed that no interference from any quarter would be permitted during investigations or trials.

It said groundless arrests must stop, and cautioned justice officials against reaching verdicts before hearing cases. In the past dissidents have often complained that they were found guilty before being judged.

"Many of the dissidents I knew were pounced on and accused of

boonism or anti-Soviet activities when they were simply trying to publicise abuses of the law," one Western analyst commented. "This pushed them into stronger dissent."

The new decree was foreshadowed a day earlier when *Pravda* reported that a public prosecutor in the Ukraine had been sacked for the arrest on false-pretences charges of a journalist who had exposed police abuses in the town of Voroshilovgrad.

The disclosure of corrupt activities is a major point of Gorbachev's reform platform, with repeated calls from party leaders for "glasnost" (frankness) on negative aspects of Soviet life that are hindering economic and social progress.

Analysts said Gorbachev could expect resistance to the law and order crackdown from functionaries used to privileges long associated with their jobs.

470 die in Nigeria epidemic

LAGOS (Reuters). — An epidemic of yellow fever in central Nigeria has killed 470 people, with reports of the disease spreading to two other states, a senior World Health Organization (WHO) official said yesterday.

Gottlieb Lobe Monekosso, WHO regional director for Africa, told a news conference that 300 people died in central Benue state, where the epidemic was first reported three weeks ago, while another 170 died in neighbouring Cross River state.

"There has also been a report of

the disease from Anambra state and in the last 24 hours, from Imo (state)," Monekosso said.

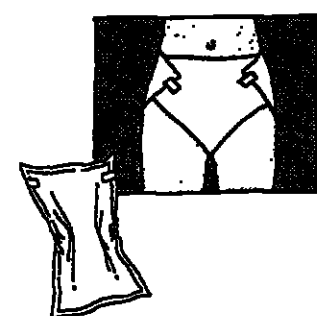
Anambra also borders Benue while Imo is next to Cross River to the east.

Monekosso said 3,000 people had been affected in Benue and the dead had been mostly young people below the age of 30.

Nigeria needed some 2 million doses of vaccines to combat the disease, and the WHO had provided 500,000 doses, he said.

A discreet solution to a private problem

MICHNASONIM



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Proposal to curb violence

Teenagers may run high school courts

By BERNARD JOSEPHS
Jerusalem Post Reporter

High school courts presided over by specially trained teenage judges are being considered by education chiefs as a way to curb playground violence.

The idea was put forward by Dr. Norman Enteen, head of the Education Minister's psychological service, during a committee meeting on disciplinary problems.

Now his proposal, along with several others, is being studied by the ministry's director-general, Shimon Shoshani, who is searching for policies to bring an end to violence, drinking and drug-taking in the nation's schools.

Enteen said yesterday that the classroom court proposal was among several aimed at getting everyone in a school involved in solving behaviour problems.

He continued: "I have no doubt that such a system would work at the higher levels, from junior high school up. But it would take time to set up."

"You can't just appoint pupils and give them the power to be judges. You have to train them. It is important to ensure that kids know the rules, and know what will happen if they break them."

Enteen also suggested that schools could form disciplinary committees,

involving staff and pupils to set and enforce standards. These would cover such issues as mutual tolerance and politeness, as well as the more serious problems of drink and drugs.

"A school has to find its own solutions but the ministry is keen to help with funds and in other ways," he said.

The psychologist said there was no definite way to show that violence, in general, is on the increase, but there is growing concern over the issue and a strong desire to deal with it.

"Schools generally reflect society and we know what is going on in our society today," he said. "Our aim is to give the schools and the pupils themselves the tools to cope."

Shoshani called on the psychological service to prepare a programme that would fight violence, drinking and other social problems connected with pupils' mental health.

He also suggested that experts investigate the way young people spend their time out of school and said the ministry was considering providing leisure activities at schools in the evenings.

A recent Education Ministry survey found that in the last school year there was a threefold rise in violence. Of more than 10,000 school accidents, 6.5 per cent were the result of fights, compared with 2.5 per cent the year before.

Policemen's wives protest

By HERB KEINON
Jerusalem Post Reporter

Two women were arrested in Jerusalem yesterday when a group of policemen's wives tried to enter the Prime Minister's Office during a demonstration for higher salaries for their husbands.

A number of policemen sent to keep the peace made it clear that they identified with the protesters. "I can't demonstrate, so my wife does it for me," said a policeman who would not give his name.

One demonstrator, Yehudit Kriaf of Ashdod, said that her husband, after 25 years in the police, brings home NIS 700 a month. "This has to feed four children. How are we supposed to live on that?" she asked.

Kriaf also complained about her husband's working conditions. "Sometimes he has to work 12 or 13 hours a day with no overtime pay. This creates all kinds of family problems because he does not bring home a living wage, and he is not at home as often as he should be."

Kriaf said the demonstration, which included about 20 women, would have been much larger had the weather been better. She said the policemen's wives are planning an around-the-clock vigil in front of the Prime Minister's Office to bring the issue to the public's attention.

Haim Saadon, a former Jerusalem policeman who came to watch the demonstration, said he had recently quit the force after four years because he was earning NIS 535 a month and had a family of six.



An Arkia stewardess and some of the 50 Arkia charges who were recently given a chance to see Jerusalem from the air. The flight was part of a "Fun day" organized by the organization for the advancement of the retarded.

Foundling linked with woman's death

GAZA (Itim). - A father and his two sons were arrested yesterday in the Shati refugee camp for allegedly burying the daughter of the family without a burial permit. Police are investigating whether there is any connection between the woman's death and an abandoned day-old infant found near her home.

The infant, wrapped in rags, was brought by a resident of the camp to

Nasser Hospital on Saturday, where it was found to be well. In their search for the unknown mother, the police learned that a 26-year-old woman had died that day some 150 metres from where the baby was found. They arrived at the woman's home to discover that she had already been buried.

Police have asked for an autopsy to determine if there was foul play.

Another Sunday morning arrives...

After the late night news; After the last movie projector finishes displaying the last credit on the screen of the last movie theatre open at night;

After the last bus has headed southward out of the central bus station;

After the last humorous is served at the first humorous joint north of Dizengoff's Agam fountain;

After the last of the late-night cafes puts up its chairs;

After the cabbies start claiming there are special prices after the national anthem comes over the radio;

After the waitresses finish gathering up all the napkin holders, count the change in the tips glass, bid farewell to the dishwashers, managers, owners and last clients of the night;

After the single men who spent hours searching restaurants, bars, movie theatres, cafes and the lonely wind-swept seaside promenade finally begin the cruise up and down, in search of a lonely waitress desperate to get home;

After the street cleaners have left their homes in places too far away to imagine, armed with their brooms and barrels;



Robert Rosenberg

After the half-dozen religious men, whose 200-year-old mentor rabbi once said that pre-dawn prayers are the best prayers of all, get out of bed and say their prayers and meet in a synagogue lit through the night like a New York coffee shop;

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Tel Aviv Tel Aviv

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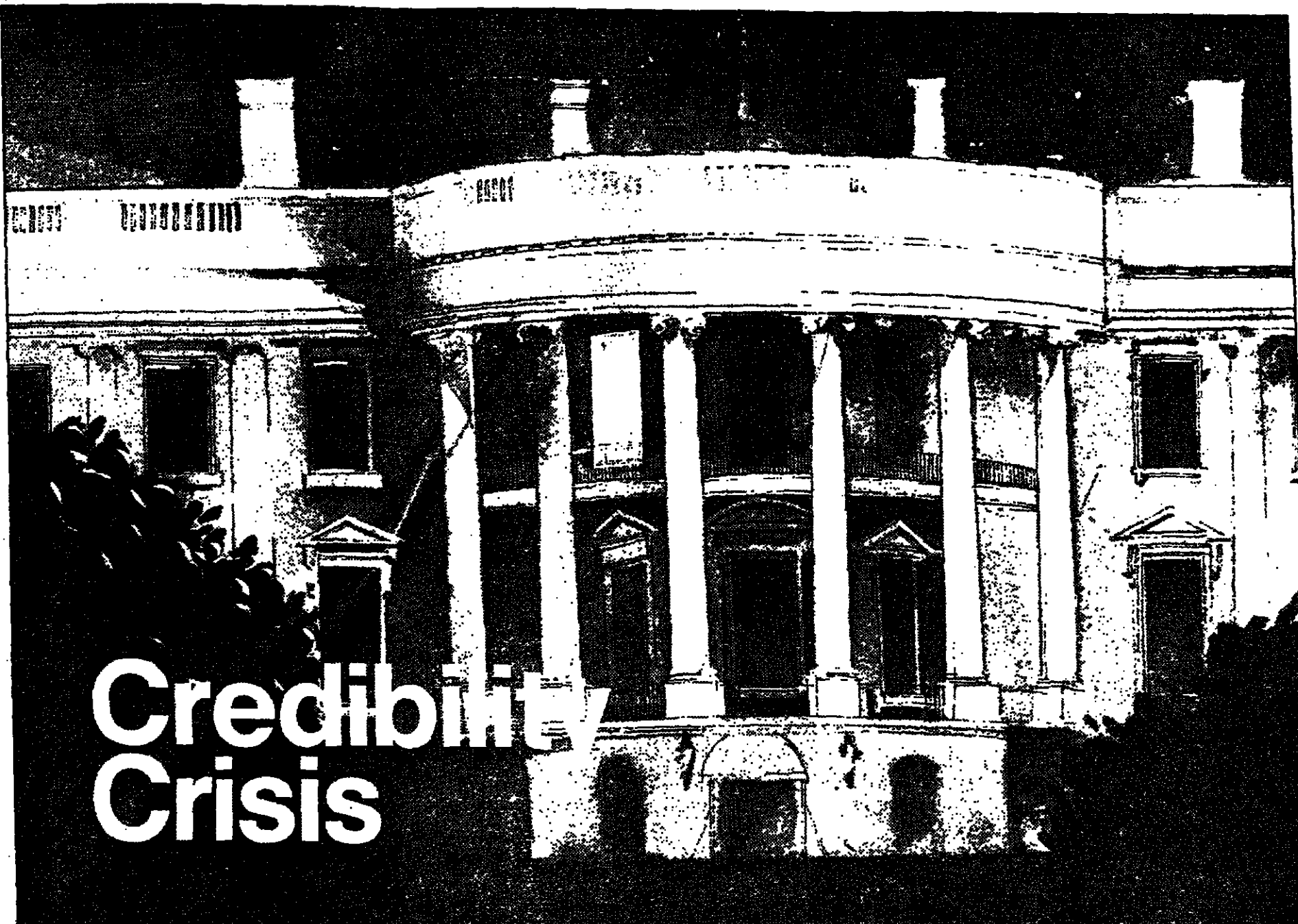
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Credibility Crisis

Can the Pain Get Worse, And if Not, How Fast Can Reagan Recover?

By R.W. APPLE JR.

WASHINGTON
RONALD REAGAN reached the nadir of his Presidency last week.

There is no dispute, in Washington or elsewhere, about that. The questions preoccupying politicians and diplomats now are whether things could get even worse and, if not, how fast and how far the President will come back from a crisis that has raised doubts about his judgment, his leadership and his credibility.

Upon the answer to those questions may depend the President's ability to continue leading the Western alliance, his capacity to counter the mischief-making in which many analysts here believe the Soviet Union may be tempted to indulge, his ability to negotiate with a Democratic-controlled Congress on such subjects as the budget deficit and further aid to anti-Communists in Central America and his chance of influencing the choice of a successor — indeed, his place in history.

It is clear that Mr. Reagan will not, as John F. Kennedy did after the Bay of Pigs fiasco, admit unequivocally that he made a mistake, and take immediate steps to convince the public that there is no cover-up, that the all of the guilty will be punished, or at least fired.

But it remains open to him, in the wake of the scandal over surreptitious arms sales to Iran and the possibly illegal diversion of some of the proceeds to the Nicaraguan rebels, to do what President Eisenhower did following the U-2 incident in 1960.

After issuing a series of ineffective cover stories, Eisenhower tacitly acknowledged that the decision-making process had been seriously flawed and quickly revised it.

Presidential Missteps

One major problem for Mr. Reagan is that his crisis follows a series of calamitous missteps by American presidents, starting with Kennedy's and Eisenhower's and continuing through Richard M. Nixon's Watergate catastrophe and Jimmy Carter's bungled Iranian rescue mission. It may well be that each time the loss of public confidence is harder to reverse.

On the other hand, Ronald Reagan was more popular just before the Iran crisis broke than any of his predecessors were just before they got into trouble. With deeper resources to draw upon, he may find it easier to recover.

Philippine left
may face a new day
with right in eclipse

2

For the U.S.,
it's business
as usual in Angola

3

But much will depend, in the view of politicians from both parties, on whether Mr. Reagan is shown, in the months of revelation and investigation that everyone now expects, to have been simply inept or unwise or both, or to have had knowledge of criminal acts and, worse, lied to conceal that knowledge.

At the President's instruction, the Justice Department is conducting one probe, and a special three-man committee is studying possible changes in the National Security Council.

Congressional leaders have proposed a variety of investigative approaches, including a special prosecutor and a bipartisan committee like that headed during Watergate by the late Senator Sam Ervin.

So far, the White House has restricted the circle of complicity to Vice Adm. John M. Poindexter, the former national security adviser, who has resigned; Lieut. Col. Oliver L. North, a key deputy to Mr. Poindexter, who was dismissed; and Robert C. McFarlane, Mr. Poindexter's predecessor, who was out of the Government by the time the controversy erupted.

Staying Clear

There were suggestions over Thanksgiving, however, that the hard-nosed White House Chief of Staff, Donald T. Regan, might have known of the transfer of money to the Nicaraguan contras. He did his best to stay clear of the scandal, comparing himself to a betrayed bank president and Colonel North to an embezzling teller, but many senior Republicans still described him as a liability and urged his replacement, perhaps by his predecessor, James A. Baker 3d, now Secretary of the Treasury.

There were suggestions, as well, that several agencies should have been able to deduce, from the interception of various messages by intelligence specialists, that something fishy was going on with the proceeds of the arms sales. And there was evidence that Colonel North may have destroyed some crucial documents.

Mr. Reagan came to power as an advocate of national and Presidential strength. He would rebuild the national defense, he said, and thereby dissuade hostile nations and groups from trifling with the United States; but the largely vain attempt to win the release of hostages held by pro-Iranian Lebanese through overtures to Tehran demonstrated to many people in the capital that billions of dollars spent on new weaponry had not given the nation immunity from the same kinds of humiliation suffered during the Carter Administration.

And the corollary diversion of funds to Central America, purportedly without the authorization of senior officials, showed at best a President who, far from being all-powerful, could not or did not control his own staff.

If Mr. Carter was criticized for meddling too much, for taking too close an interest in details, Mr. Reagan is being attacked for having no command of detail at all. A lifelong delegator, the President seems to have done well with Mr. Baker as a relatively easygoing chief of staff but to have stumbled under the far more rigid system imposed by Mr. Regan, who has imposed limitations on Presidential access.

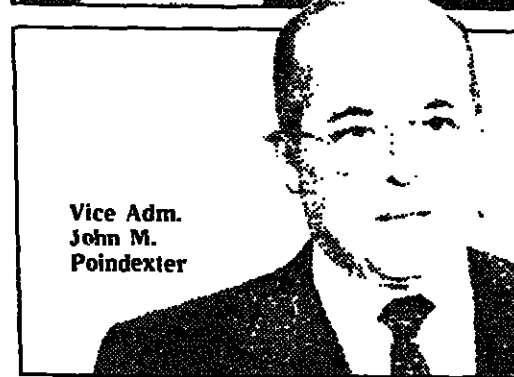
Pendulum Effect

Perhaps the pendulum will now swing away from the notion of the super-strong President with the super-centralized decision-making process; some Congressional Democrats want to speed that change by passing new legislation to restrict the way in which the National Security Council and its staff operate.

But if the accounts of Mr. Reagan, Mr. Regan and Attorney General Edwin Meese 3d are to be taken at face value, the problem was not so



Lieut. Col. Oliver L. North



Vice Adm. John M. Poindexter

In 24 Hours, a Changed Position

ON Monday, President Reagan, discussing the growing scandal over arms sales to Iran, said, "I am not firing anybody."

On Tuesday, two key officials were gone. Vice Admiral John M. Poindexter, the President's national security adviser, "asked to be relieved of his assignment," Mr. Reagan said, and Lieut. Col. Oliver L. North of the Marine Corps, a National Security Council staff member, "has been relieved of his duties."

The President said the two were leaving the White House staff after "serious questions of propriety had been raised" concerning the sale of American arms to Iran and the subsequent transfer of some of the money to the Nicaraguan contras. Both men were expected to be called to testify by Congressional committees.

United Press International Special Feature—Sipa Tritt

much institutional as personal.

Congress cannot choose the members of the N.S.C. staff or control them, although it could theoretically require that the President's choices of national security advisers be subject to confirmation.

In any event, many members of Congress, as one Democratic leader said, "will want to shorten the President's tether on foreign policy" — meaning they will want to increase Capitol Hill's already sizable role. That could mean further perplexity for American allies, who already find it difficult to follow Washington's process of policy formulation, which is much more fragmented and charged with internal controversy than their own. It could also mean the end of American funds for the contras and "freedom fighters" elsewhere.

A major danger for the Democrats is that they will overreact and try to confront what they view as a weakened White House on all sorts of issues, including the deficit and domestic programs as well as foreign policy. It is a danger, senior party officials believe, because it might make them vulnerable to charges of weakening the country and thereby giving the Soviet Union key openings worldwide.

If the Democrats can restrain themselves somewhat, last week's events seem sure to improve their chances for 1988, when they will be trying to win the White House for only the second time in 20 years. Which of their nominees might benefit most is not yet clear, although Senator Sam Nunn of Georgia, as a leading defense expert, is well positioned. But the strong consensus in the capital this weekend is that Vice President Bush, whose strength as a candidate for the Republican nomination has flowed largely from his association with Mr. Reagan, has lost credibility along with his patron-in-chief.

'I was not fully informed on the nature of one of the activities undertaken in connection with this initiative. This action raises serious questions of propriety.'

President Reagan

'The only persons in the United States Government that knew precisely about this — the only person — was Lieutenant Colonel North. Admiral Poindexter did know that something of this nature was occurring, but he did not look into it further.'

Attorney General Edwin Meese 3d

'There's something wrong when the President doesn't know what is going on in the basement of the White House.'

The Senate Majority Leader, Robert C. Byrd, Democrat of West Virginia

'It may be wishful thinking on the part of some in the Administration to have Colonel North take the blame for everything. Colonel North did not act alone.'

Senator Patrick J. Leahy, Democrat of Vermont

'We are faced here with the profoundest issue that ever occurs in America: the accountability of elected leaders before the law. Without that we have nothing.'

Walter F. Mondale, former Vice President and 1984 Democratic Presidential nominee

'We must, all of us, help the President restore his credibility in foreign affairs. We can't have a crippled President for two years.'

Senator Sam Nunn, Democrat of Georgia

The World

U.S. Exceeds Limit Set in 1979 Arms Treaty

President Reagan said six months ago that he would do it, and last week he did.

The United States exceeded a ceiling on nuclear weapons systems set forth in the strategic arms treaty of 1979 when a B-52 bomber newly refitted to carry cruise missiles flew from San Antonio to Carswell Air Force Base, near Fort Worth.

The Senate has not ratified the treaty, but the key weapons ceilings had been observed by the United States and the Soviet Union. Mr. Reagan has accused the Russians of violating other provisions of the agreement.

Democrats in Congress said the flight last week, which made clear that 131 planes have now been equipped to carry the cruise missile — a weapon capable of hitting the Soviet Union — was a setback for arms control.

Representative Jim Wright of Texas, who is to become Speaker of the House in January, said the decision would complicate Mr. Reagan's dealings with Congress. Sam Nunn of Georgia, who will be chairman of the Senate Armed Services Committee, said setting aside the treaty may benefit the Soviet Union, which, he maintained, is in a better position than the United States to increase its nuclear arsenal.

Mikhail S. Gorbachev, the Soviet

leader, attacked the action as "a major mistake."

Bonn, After Trial, Ousts 3 Syrians

Syria took another diplomatic whipping last week as a country that helps terrorists plot and execute attacks designed to kill innocent people in public places.

West Germany ordered the expulsion of three Syrian diplomats and downgraded its relations with the Government of President Hafez al-Assad. In addition, the three powers responsible for West Berlin effectively banned 34 Syrian diplomats from crossing into the Western zone from East Berlin.

The actions came after two Arabs were convicted of bombing a West Berlin club and the court upheld as "credible" their testimony that Syrian intelligence officials had helped plan the attack, which injured nine people in March.

One of those convicted, Ahmed Hazi, who was sentenced to 14 years in prison, is the brother of Nezar Hindawi, who was sentenced to 45 years last month after a British court convicted him of attempting to blow up an Israeli airliner.

Britain, saying Syrian officials had been involved in that plot, broke diplomatic relations with Damascus. The German action was not so severe, but Bonn did say it would not replace its ambassador and would halt development aid credit.

Syria, which has denied all charges implicating it in terrorist operations, retaliated by ordering the expulsion of three West German diplomats and withdrawing its ambassador from Bonn.

Syria Calls For Defeat of P.L.O.

In the Arab world, the United States and Israel are often identified as the worst enemies of the Palestine Liberation Organization. Last week, however, Syria once again declared itself an enemy of the P.L.O. and asked its allies among Lebanese leftists to crush the Palestinian guerrillas in Lebanon.

The Syrian call came in Damascus in meetings between Vice President Abdul Halim Khaddam and Lebanese militia leaders. One of them was Walid Jumblatt, the Druze leader, whose forces have more often been allied with the P.L.O.

The Palestinian guerrillas have been fighting Lebanese Shiite militiamen near the southern Lebanese cities of Sidon and Tyre. The P.L.O., which was forced out of southern Lebanon by the Israeli army in 1982, has been moving back toward positions from which it could attack northern Israel. The Shiites and Druze fear this could provoke more Israeli attacks on Lebanon.

Moscow Promises More Aid for India

Prime Minister Rajiv Gandhi welcomed the Soviet leader, Mikhail S. Gorbachev, to India last week as a "crusader for peace." Both men repeated their calls for sweeping arms control measures and their criticisms of President Reagan's "Star Wars" program.

But Mr. Gorbachev sidestepped questions from Indian reporters who wanted him to take their country's side against its neighbors, China and Pakistan. Neither leader mentioned the Soviet military presence in Afghanistan, which India declines to



Mikhail S. Gorbachev, the Soviet leader, with Prime Minister Rajiv Gandhi after speaking to members of Parliament in New Delhi last week.

condemn. New Delhi's many Afghan refugees were told to stay home during the four-day visit.

Indian officials said no new arms deals were signed. But in 10 hours of private meetings, the leaders agreed on \$1 billion in new Soviet aid to modernize and expand steel, coal, hydroelectric and other industrial facilities — on top of \$700 million that Moscow promised last year. The Soviet Union has also delivered more than \$4 billion worth of weapons to India since 1980.

Despite the warmth of the reception, Western diplomats said they saw no evidence of strategic shifts last week by either side.

9 Blacks Freed in South Africa

South Africa's biggest treason trial in three decades has been under way for nine months in Delmas, a conservative, white-run settlement 45 miles east of Johannesburg, and is expected to continue for several more months.

It involves defendants facing possible death sentences on charges of treason, terrorism, subversion and murder. They have been accused of forming with the outlawed and exiled African National Congress a

revolutionary alliance intended to bring down the Government. The accused men, denying all the charges, say their cause is peaceful.

As the trial progressed, prosecutors opposed all bail motions and argued against any acquittals. But last week the judge acquitted 3 of 22 defendants after ruling that evidence against them was insufficient; he freed six others on bail. Defense lawyers, who have not begun to present their case, had sought the release of all 22 defendants.

The United Democratic Front, the biggest anti-apartheid alliance in the country, is expected to try to use the trial as a forum for major statements by the black resistance movement. Defendants have used appearances in the dock to give news conferences and have joined their supporters singing the black national anthem, "God Bless Africa."

Freedom Party Gains in Austria

Playing to widespread concern about rising unemployment and the environment, Austria's small nationalist Freedom Party did well last week in parliamentary elections. Led by Jörg Haider, who attracted international criticism last year when he hailed a convicted Nazi war criminal as "a soldier who had done his duty," the party won nearly 10 percent of the vote and 18 seats in Parliament.

Chancellor Franz Vranitzky's Socialists lost ground among workers dismissed by state-owned, money-losing factories. They dropped from 90 to 80 seats and 43 percent but remained the largest party. Mr. Vranitzky said he would try for a "grand coalition" with the conservative People's Party, which went from 81 to 76 seats and 41 percent of the vote.

The environmentalist Greens entered Parliament for the first time, winning 4.6 percent of the vote and nine seats.

James F. Clarity and Milt Freudenheim

Forgoing Arms, for Now, Communist Leaders Agree to Talk

Eclipse of Philippine Right May Herald New Day for Leftists

By SETH MYDANS

SATURNINO OCAMPO went partying Thursday night, meeting old friends in Manila in an open way that had been impossible for him as an underground Communist leader during the last 15 years. He had just signed a cease-fire agreement that, among other things, provided safe conduct for the insurgent negotiators he had led and their armed security men, and allowed them to set up offices in Manila.

At the signing ceremony, with the Philippine flag as backdrop, Mr. Ocampo was welcomed into the mainstream of political debate with a symbolic embrace from Ramon V. Mitra, the Government Minister who was his counterpart in the negotiations.

The first visit that evening for Mr. Ocampo and a fellow negotiator, Antonio Zume, was to The Manila Chronicle, where the two former journalists embraced and kissed old colleagues and reminisced about the past.

For the first time since the Communist insurgency began 17 years ago, its leaders were being invited, under the conditions of an extendable 60-day cease-fire, to rejoin society and enter the discussion about the future of the country. Mr. Ocampo said the rebel side would use the peace talks that are to begin next month to set forth an agenda, including topics such as human rights, land reform, health care and foreign policy, "for the consideration of the Aquino Government."

Mr. Mitra, for his part, said the substantive negotiations would not decide "whether Communism wins or loses" but that he hoped the other side would take this opportunity to air its views openly. Some Filipinos said they hoped the insurgents' decision to come down from the hills and join the debate was in itself a moderating of their position. Amando Doronila, editor in chief of The Chronicle, compared it to the change in emphasis by several West European Communist parties that have moved from confrontation toward political compromise.

"I think the left is shifting toward the political center," another journalist said. "I think they have become discouraged with the long war and want peace." She pointed to their evident eagerness for a truce, as demonstrated by their renunciation of some of their earlier demands during the cease-fire talks.

Other analysts, however, warned that precisely such reactions might be part of the gains the Communists were so eager to make in seeking a cease-fire. Until now,



Government's chief negotiator, Agriculture Minister Ramon V. Mitra, waving cease-fire pact in Manila last week, with the Communist negotiators, Saturnino Ocampo (applauding) and Antonio Zume (right).

they were an outlawed, embattled insurgency, viewed with fear by many Filipinos. The Communists will now have the chance to put forward attractive personalities such as Mr. Ocampo and Mr. Zume. And they will enjoy the advantage, in the debate over national programs, of arguing pure theory, while the Government remains obliged to answer for the country's continuing poverty and social inequities.

However, the Communists have indicated that they will not press difficult issues like the future of Subic Bay

and Clark Field, the two enormous American military bases. Although he said at the signing ceremony that he was personally opposed to the bases, Mr. Ocampo has also said that his side was willing to leave that issue aside until some future time, when the country is prepared to consider it.

The Communists' new position is a tactical advance for the left, which had suffered a serious setback as a result of its decision to boycott last winter's Presidential election. It had thus excluded itself from the national

sense of triumph when President Corason C. Aquino ousted the former President, Ferdinand E. Marcos. "I owe them nothing," Mrs. Aquino has been quoted as telling her aides. Mrs. Aquino, a wealthy landowner who is conservative in her political views, had nevertheless regarded the leftists as allies in her struggle against Mr. Marcos. But aides said that she became disillusioned when they did not support her.

The emergence of the left was made clear two weeks ago in a massive funeral procession for a murdered leftist leader, Rolando Olalia. The hundreds of thousands of demonstrators far outnumbered the crowds that had gathered recently for rallies by moderate supporters of the President.

The leftist comeback has coincided with the eclipse of the right wing, which was discredited by the maneuvering of the former Defense Minister, Juan Ponce Enrile. His ouster a week ago was not only a personal defeat, but a defeat for the anti-Communist crusade he led. His absence from the Defense Ministry helped make possible the optimistic atmosphere that surrounded the signing of the truce last week. Mr. Enrile had opposed peace talks, arguing that negotiation is merely a tactic in the Communist arsenal and that talks with insurgents have rarely succeeded anywhere.

Other Filipinos argue, as citizens of other nations have, that their national character will be a moderating force on their home-grown brand of Communism.

They point to the nonconfrontational nature of the Philippine people and to the personal relationships that weave together so many public figures.

They note that the ouster of both Mr. Marcos and Mr. Enrile were accomplished in a manner that reflected these moderating traits of national character, free of the bloodshed that had been feared.

Washington and Moscow Consult an Increasingly Interested Observer

China Is Invited to Kibitz in the Arms Game

By EDWARD A. GARGAN

JUST days after President Reagan gave a final handshake to the Soviet leader Mikhail S. Gorbachev in Reykjavik, Soviet and American officials hurried to give their versions to Chinese leaders.

Representing the Americans, Edward L. Rowley, a special adviser to the President on arms control, visited Beijing immediately after the Icelandic talks, then returned for a second visit after the meetings at Geneva between arms control negotiators and the Vienna talks held by Secretary of State George P. Shultz and the Soviet Foreign Minister, Eduard A. Shevardnadze. The attention paid the Chinese by both the Americans and the Russians suggests the growing importance of China as an interested, and indeed very much affected, country in the arms control process.

While China's own relatively modest nuclear arsenal leaves it behind the United States and the Soviet Union, rapid economic growth and an increasing prominence in the Pacific have given it a growing strategic significance.

"We take these consultations quite seriously," said

Mr. Rowley during his last visit to the Chinese. "They mention, and we agree, that it's not only the security of the U.S. and Soviet peoples that's involved."

In public, the Chinese hew to a polemical position that has changed little in recent years. That position, according to Foreign Ministry officials, is that it is desirable that peace and security be maintained in Asia and that the Soviet Union should stop deploying nuclear missiles, not only long-range weapons, but also the intermediate-range missiles on China's border.

When a Foreign Ministry official was asked about China's own nuclear stockpile recently in a less public forum, he dismissed the question with a wave of his hand. "We are not a major power," he said. But in fact, according to Western diplomats, there are at least two broader and more significant elements of the Chinese position on arms control beyond their oft-repeated view.

First, these diplomats indicate, is the increase in Chinese activity in the arms control field, particularly through participation in United Nations disarmament panels. As part of that official activity, there has been, according to these diplomats, a growing sophistication in the Chinese discussion and analysis of arms control issues. "They know the vocabulary," a Western diplomat said. "They know the issues."

Second, and perhaps more important, the Chinese position on specific issues has evolved in recent years, particularly on the question of intermediate-range nuclear forces. Beijing now argues, in a Western diplomat said, that the United States and the Soviet Union should reduce the number of intermediate-range missiles in Asia that can be targeted against China. He added: "None is better than any, but a smaller number is better than a larger number."

According to some diplomats here, there have been some differences of opinion between Chinese officials concerned with arms control and specialists attached to various organizations like the International Institute for Strategic Studies.

Apparently Foreign Ministry officials have been skeptical about the possibility of any agreement between the United States and the Soviet Union. Nonetheless, these officials are said to regard the arms control talks as better than stony silence.

The Minority View

On the other hand, Western diplomats point out that a number of key people in China's research institutes, a minority of those involved in arms control, have argued for some time that the accession of Mr. Gorbachev sig-

nalled a new willingness on the part of the Soviet leadership to reach an agreement on arms.

These specialists further argue that Mr. Reagan strongly wants to leave office with a major foreign policy achievement, such as an arms-control agreement with Moscow. After Reykjavik, Chinese officials have been particularly interested in how President Reagan's commitment to the Strategic Defense Initiative bears upon any future talks, according to Western diplomats.

"They have asked many times about the issue of linkage," one diplomat said. And, he added, the Chinese appear to believe that the prospects for agreement have been impeded by Soviet insistence that significant reductions in nuclear weapons cannot be discussed without first limiting the S.D.I., or "Star Wars," program. "They have made the point that the linkage argument is a new argument and that it represents a step backward," the diplomat said.

At the same time, the Chinese have remained vocal opponents of "Star Wars." Nonetheless, a Western diplomat said he believed the Chinese recognized that the Americans but also by the Russians. "It is probably fair to say that the Chinese expect the two to go ahead," he said. "If so, it is essential that they understand what this incentive to the Soviets in arms control."

"They are not yet in the big leagues," another Western diplomat said. "In weaponry and arms control they are essentially observers."

A Voice From Copenhagen

Danes — 'Some of the World's Big Doubters'

By SAMUEL RACHLIN

WHEN Americans hear about Denmark, I imagine they think of Danish — those pastries that have nothing in common with anything Danish. Some, though, may think of such better Danish products as Hans Christian Andersen, Danish butter, ham and Hamlet and Victor Borge.

Some may also think of the little mermaid who surprises most American visitors by being tiny. Americans are so used to thinking big that they seem to forget she is called the little mermaid; they expect something as big and impressive as Lady Liberty. The mermaid is as big as mermaids are — at least in Denmark.

But apart from this, my feeling — based on experiences at American universities — is that most Americans will have great difficulty identifying Denmark on a map and naming her capital. As disappointing as this may be to a Dane, the fact is that the country has been on the map for centuries and will remain so for quite a while.

Denmark, looking at it from above, has quite a funny shape — like an appendix atop Europe. The peninsular feeling is typically Danish, at the same time connected to and disconnected from Europe. Danes are Europeans, but not mainstream Europeans. They are some of the big doubters in the world; no wonder that, of all the big thinkers, Kierkegaard is ours.

Typically no political party can rally a majority in the Parliament, so the country is ruled by a minority Government.

A Soviet author rudely described Denmark as the country that has more pigs than people. With a population of five million and important ham exports, that is the case.

But this does not tell as much as the words of another, much bigger author: "Something is rotten in the state of Denmark." Ever since Shakespeare wrote it, Danes have agreed that this, too, is the case.

But however rotten Denmark may seem to the Danes, this is not the way outsiders look at us. In a recent study, Prof. Richard Estes of the University of Pennsylvania credited Denmark with the best quality

Samuel Rachlin is foreign editor of *Borsens Nyhedsmagasin*, a weekly business magazine published in Copenhagen.



of life among 124 countries.

Denmark was cited for its high standard of living, social system, respect for human rights and democratic traditions.

Danes have shrugged off the study with stoic calmness. The popular view was that it showed more about the rest of the world than about how well off Danes are.

To Danes, with one of the world's highest suicide

and divorce rates, quality of life surely is relative. Loneliness and depression are ills the famed welfare system cannot make up for.

The economy is not much consolation, either, with constantly growing budget and foreign trade deficits. The welfare society has its price, and Denmark is consequently one of the most heavily taxed countries.

In a study of tax burdens, Sweden came in first, taxing 50.6 percent of gross national product, closely

followed by Denmark, with 49.4 percent. The U.S. figure was 29.99 percent. With true sporting spirit, Denmark's Government is determined to overtake the Swedes. The newest austerity measures seem to assure Denmark an uncontested position; the tax burden is 50.9 percent already this year. We could not win the soccer world championship this year but are set to win the world tax championship.

Taxes are a constant subject of discussion, moonlighting has become a national obsession and the second economy is approaching Soviet proportions. Tax evasion is everyone's favorite pastime.

Gasoline, alcohol and tobacco prices are among the highest in the world, but that has not prevented Danes from buying cars in still growing numbers, bending their arms in an unmistakable gesture and smoking more cigarettes than most Europeans.

Rotten or not, Denmark has attracted growing numbers of refugees looking for safety from wars, national and religious persecution or simply a better life. Refugees have come from Lebanon, Iran, Sri Lanka and other countries, and many Danes have felt they were being invaded.

Around 9,000 refugees are expected this year, which may seem modest by American standards, but the total exceeds Denmark's physical and economic capabilities. Parliament has passed a new and more strict immigration law.

The story of how the Danes helped their Jewish fellow citizens escape from the Nazis in World War II is legendary, but the reality in the 1980's is different and has forced Danes to come to terms with the fact that racism does exist in the streets of Copenhagen and the idyllic countryside of Jutland, too.

Clashes between Danish youths and refugees have occurred regularly, stirring heated debate. During a recent fund-raising campaign for world refugees, a right-wing Danish priest urged people to not to make donations. However, the reaction was the opposite, and more than \$500,000 was raised.

For a homogeneous country without ethnic conflicts, the injection of foreign blood and exotic cultures is turning out to be a national challenge that not only will teach Danes how to live with other peoples, but may also help them in getting a better and more realistic understanding of themselves.

Denmark still remains a very open and free society that tolerates all political, social or sexual groupings and movements and their different combinations. A Danish saying has it that "there can be no revolution in Denmark if it is raining." It rains a lot in Denmark.

Cuban Troops Said to Protect U.S. Oil Interests From Washington-Backed Rebels

Policy Aside, America Does Business as Usual With Angola

By JAMES BROOKE

AT independence 11 years ago, Angola's "strategic minerals," oil and diamonds, fell into the hands of Communists. Ever since, the minerals have been extracted and purchased largely by Westerners, including Americans. The United States, which does not have diplomatic relations with Angola, is its largest trading partner.

Such contradictions are typical of the strange relationship between the United States and this huge Portuguese-speaking country on Africa's western coast.

For ideological and geopolitical reasons, the Reagan Administration decided last year to give weapons costing \$15 million to Jonas Savimbi's guerrillas, who are fighting to overthrow the Angolan Government. The guerrillas are called the Union for the Total Independence of Angola, or Unita, but American conservatives call them "freedom fighters," and say they could make Angola safe for multinational companies and hasten the departure of the estimated 30,000 Cuban troops here.

The Administration's policy does not seem to be working. "One of our people was in Cabinda in March and saw a planeload of Cubans arriving direct from Havana," a Western diplomat said. Cabinda is the northern province where a subsidiary of Chevron, the American company, pumps about 70 percent of Angola's oil. Col. Antonio dos Santos, the armed forces Chief of Staff, said last week that the Cubans were there largely because Mr. Savimbi had threatened to blow up the sub-

sidary, Cabinda Gulf Oil Company.

In the diamond-mining sector, Unita guerrillas killed an American pilot and burned his C-130 cargo plane in December 1984. The American company, Trans International Airlines, a subsidiary of Transamerica Corporation, suspended operations shortly afterward.

The Reagan Administration, despite its opposition to investment in nearby South Africa, has suggested that American companies leave Angola. The companies "should be thinking about U.S. national interests as well as their own corporate interests," said Chester A. Crocker, the Assistant Secretary of State for African Affairs.

A Business Perspective

American business people here tend to see things differently. "It's ridiculous," said Dwayne Greenwell, a Texan who is engineering manager of Cabinda Gulf. "We have relations with Russia, don't we? We have relations with China, don't we?" Adds Don Wilson, an American pilot: "We should get as many American companies in here as possible, and bring them around that way."

Indeed, Angola's Marxist Government is seeking Western capital. "We are very open to American investment," the Foreign Trade Minister, Ismael Gaspar Martins, said in fluent English honed during recent business trips to New York. In June, representatives of 33 foreign companies attended a conference in Luanda organized by Business International, a consulting group. It described the Angolan Government as "a reliable business partner and one who values the role of foreign business and understands companies' needs to make a profit."

Other American companies here include Arthur D.

Little, Bankers Trust, Bechtel, Boeing, Conoco, General Electric, I.B.M. and Texaco. When Trans International left, its replacement was Southern Air Transport, a Florida company with Pentagon air cargo contracts that has been involved with Americans who flew arms to anti-Government rebels in Nicaragua.

Company officials have said it no longer works for the Central Intelligence Agency. "We're apolitical and we're just here to do a job," said Henry A. Melich, a Southern Air pilot. A Southern Air plane loaded with sacks of rice was parked at the Luanda airport, and Mr. Melich said the company carries supplies in Angola for Unicef and Caritas, the Roman Catholic aid group, among other relief organizations.

On the military side of the confused situation, Americans and Angolans here agreed that \$15 million in United States military aid would have little impact on the civil war. According to official American figures, Angola purchased \$2 billion worth of arms from the Soviet Union last year. "All aid given to the Unita puppets is lost aid because the puppets are not going to win here in Angola," said Marcelino Moco, provincial commissar of Bie Province. But diplomats in Luanda say that, in African eyes, even token assistance to Unita links Washington to Unita's main supporter, South Africa.

"Any American covert or overt involvement in the internal affairs of the People's Republic of Angola, directly or through their parties, will be considered a hostile act against the Organization of African Unity," said a declaration endorsed by African heads of state last year.

Even so, President José Eduardo dos Santos of Angola said in an interview last week that he would like to



Jonas Savimbi with guerrillas in central Angola.

normalize relations with the United States. "We think that the level of the economic, political and financial relationship between Angola and the United States justifies the establishment of diplomatic relations," he said. "Angola would accept U.S. military aid — arms, equipment, ammunition — to fight the Unita bandits."

Kremlin Moves to Control Underground Economy With a Measure of Freedom

Russia's 'Blat' Market Thrives by Moonlight

By PHILIP TAUBMAN

MIKHAIL S. GORBACHEV said it as well as anyone. "Try to get your apartment repaired," the Soviet leader told party officials in Leningrad last year. "You will definitely have to find a moonlighter. He will steal the materials he needs from a construction site."

The Soviet Union is a nation of moonlighters. The average plumber, carpenter, electrician or auto mechanic, stifled by the fixed pay and low morale of Government employment, is eager to sell his services directly to consumers.

And consumers, frustrated by the glacial pace and indifferent quality of state-owned services, are happy to pay even premium prices for private help. The result is a huge underground economy in which "blat," the influence or connections to get things done, is far more valuable than money.

The Government, after decades of bucking or ignoring this system, moved this month to take control of it, and, through taxation, channel into the treasury some of the billions of rubles generated by underground trade. The device was a new law adopted by the Su-

preme Soviet, the nominal parliament, that legalized a range of private enterprise activities, opening the way for citizens to go into business on their own to manufacture consumer goods like clothing or sports equipment and deliver services like car repair.

Although the law, which becomes effective May 1, will restore a bit of free enterprise to the Government-run economy for the first time since Lenin's so-called New Economic Policy of the 1920's, it will not constitute a resurgence of capitalism. The hiring of outside labor will be prohibited, restricting the size of private enterprises, and the law makes clear that most people engaging in entrepreneurial activities are not to do so at the expense of Government-controlled jobs.

"It is obvious that the new law does not mean a return to any form of private enterprise as some people in the West have hoped," said Ivan I. Gladky, head of the State Committee for Labor and Social Questions.

To Blot Out the 'Blat'

The adoption of the law amounted to a admission by the Government that it was never going to blot out "blat," and that the state's effort to maintain a monopoly on small-scale production and service enterprises was a self-defeating denial of reality. It was un-

clear how effective the law would be. The scale of private transactions, and their infinite variety, may keep much of the system beyond the Government's reach.

There is, for example, the role of vodka in the underground economy. In an irony that has undoubtedly not escaped the Kremlin leadership, Mr. Gorbachev's anti-drinking campaign, by increasing the price and reducing the supply of vodka, has made the drink an indispensable form of "blat."

One Muscovite recounted last week the experience of a friend who wanted to have her apartment refurbished, a job that would normally drag on for months, if not years. Through connections, she was able to obtain a case of vodka, and she openly advertised that work on her apartment would be rewarded from it. In a city where it has become common to wait in line an hour or more to buy a single bottle, the offer was a hit. The renovation was finished in two weeks.

Although straight cash transactions are frequent, a lot of private enterprise work is bartered for access to coveted places and influential people. A new faucet is installed for a pair of ballet tickets, a car is repaired for an appointment with a leading physician, a scholarly article is published after the author helps arrange for an editor to see a Central Committee member.

Even foreigners are not immune. Not long ago the pregnant wife of an Asian diplomat rushed to the hospital when she began to have contractions. Her husband was not permitted to join her and was not informed that the baby had been delivered by Caesarean section. After four days, he was finally able to gain admittance to the hospital by showing up with four bottles of cognac.



Nesher Ascu

The Nation



United Press International
Anthony (Fat Tony) Salerno

U.S. Alleges a Mafia Plot to Pick Teamsters Leader

Those who contend that the teamsters union has powerful ties to organized crime got new support for their case last week.

Anthony (Fat Tony) Salerno, the convicted boss of the Genovese crime group, and three associates were charged in Federal District Court in Manhattan with executing a scheme to select Jackie Presser as head of the International Brotherhood of Teamsters and with seeking to influence his conduct in office.

The four have also been accused of helping elect Roy L. Williams as the union president in 1981. He had to step down the next year after he was convicted of trying to bribe Senator Howard W. Cannon of Nevada.

Mr. Presser, who has frequently denied wrongdoing, was re-elected president of the 1.7-million member union in May, only days after being charged in a payroll padding scheme. That indictment, for racketeering and embezzling, contends that teamsters union employees who did no work, including an uncle of Mr. Presser, were paid \$700,000.

Mr. Presser, a longtime supporter of President Reagan, has pleaded not guilty. He was not named as a defendant in New York last week; the charges against Mr. Salerno and his associates were added to an earlier racketeering indictment, which included the allegation involving Mr. Williams.

Governor Spares 5 Inmates' Lives

Toney Anaya had promised that no one would be executed while he was Governor of New Mexico. Last week he did his best to avert executions during his successor's term as well.

Calling capital punishment "inhuman, immoral and anti-God," Mr. Anaya commuted the sentences of all five convicted murderers on the state's death row.

"My personal beliefs do not allow me to permit the execution of an in-



Associated Press
Gov. Toney Anaya

dividual in the name of the state," he said. "For me to simply walk away now will make me as much an accomplice as others who would participate in their execution." Mr. Anaya, a Democrat leaving office Dec. 31, reduced the men's sentences to life imprisonment.

His action infuriated the Governor-elect, Garrey Carruthers, a conservative Republican who had said, "The first thing I want to see on my desk... is the paperwork necessary to restart the death penalty." Outrage was also expressed by families of the victims.

Opponents of capital punishment,

who have seen the pace of executions quicken to one every three weeks nationwide, applauded, as did the five death row inmates.

Mr. Anaya is only the second governor to clear death row (Winthrop Rockefeller, the Arkansas Democrat, did so in 1970), and he was the first to declare his state a sanctuary for Central American refugees, a move that also generated heated criticism. But those controversies have been dwarfed by charges of mismanagement and corruption in his administration.

Mr. Anaya, a former state attorney general, was forbidden by law to succeed himself. At the news conference announcing the commutations, the Governor had an unusually heavy cordon of bodyguards.

A New Twist On Farmers' Debt

In the boom time of the late 1970s, farmers and banks bet on land, the former buying more of it with loans from the latter. Then the value of farmland dropped sharply, until many acres were worth far less than the debts owed on them. Crop prices fell, too, so that many farmers had neither enough cash to keep up their loan payments nor enough collateral to reimburse a bank that foreclosed. Despite huge Government aid programs, both farmers and banks have been going out of business at a record rate.

On Thanksgiving Day a new provision of the Bankruptcy Code—and a new attempt to deal with the farm crisis—took effect. Under the provision, passed near the end of the Congressional session, a farmer can ask a judge to reduce what he owes on his acreage to the value of the land. Creditors for such secured loans have first claim on disposable income under a three-to-five-year repayment plan. Any unsecured debt unpaid at the end of that time would have to be absorbed by the lender.

"This can save a lot of farms, perhaps including mine," said Oren Lee Staley of Savannah, Mo., in the northeast part of the state, who is a former president of the National Farmers' Organization.

Naturally enough, many bankers are unhappy with the provision. Others, however, said they had already written farm loans down to the value of the collateral. In 1985, banks wrote off a record \$1.4 billion in farm loans, and the numbers for the first half of this year were running about 20 percent higher than in the same period in 1985.

Tensions over such loans led to two months in jail for one Illinois farmer who said he could not produce a \$20,000 tractor for repossession. The tractor had vanished from his soybean field, he insisted, and he assumed the lender had taken it without telling him. He was freed, pending appeal, a day before Thanksgiving.

Oil Drilling Urged In Arctic Refuge

Conservationists and the Reagan Administration began girding themselves last week for another great battle, this one over whether to allow oil drilling on a coastal plain in the 19-million-acre Arctic National Wildlife Refuge. The Interior Department, in a draft report made public last week, has tentatively recommended such drilling.

The 1.5-million-acre plain in northeast Alaska, the calving ground of North America's largest herd of migratory caribou and home to many other kinds of wildlife, offers the possibility of "a supergiant oil field that does not exist anywhere in the United States," said William P. Horn, Assistant Interior Secretary for Fish and Wildlife.

With production peaking at nearby Prudhoe Bay, which has accounted for about 20 percent of domestic oil output, and the nation's reserves elsewhere declining, new sources must be developed to reduce the risk that by the end of the century foreign suppliers might be able to hold the nation hostage, Mr. Horn and other department officials maintained.

They also argued that the oil industry had demonstrated its ability to mitigate threats to the environment, a point that was immediately disputed by environmental groups.

According to Lisa Speer, a scientist for the Natural Resources Defense Council, oil and gas operations at Prudhoe Bay produce as much air and water pollution as a large city. Conservationists also argue that in a rapidly developing world, a pristine environment like the refuge is an invaluable scientific resource.

Similar arguments are expected in Congress, which must approve the plan if Interior Secretary Donald P. Hodel, a former Secretary of Energy and an advocate of domestic energy development, passes on the draft report's recommendation. Legislation to turn the entire coastal plain into a protected wilderness area attracted 60 co-sponsors last year.

Caroline Rand Herron and Martha A. Miles

Houston Is Among the Democrats' Frontrunners

For Convention Cities, Campaign Nears an End

By ROBERT REINHOLD

WHEN New Orleans asked the Democrats the other day to postpone their evaluation visit, there was undisguised glee in Houston and Atlanta, the Louisiana city's main competitors for the 1988 Democratic National Convention. How could New Orleans play host to 20,000 people if it could not get organized enough to handle a 37-member committee, the others asked with mock concern.

And when Texans turned out their Democratic Governor in favor of a Republican this month, that gave heart to Democratic Atlanta. Just last week, The Atlanta Constitution approvingly quoted a North Carolina member of the Democrats' site-selection panel as saying he opposed Houston because "Texas elected one of the meanest low-down governors in the history of the United States"—a veiled reference to Bill Clements, the cantankerous 69-year-old former Governor who ran a successful comeback campaign.

So goes the not-so-polite race to see who gets the 1988 Republican and Democratic conventions, prizes that bring not only millions in hotel and restaurant receipts but a substantial public relations. The cities are doing their best to dazzle the committees and lure them with everything from free office space to free medical care.

The Republicans' long list includes 10 cities—New Orleans, Kansas City, St. Louis, Atlanta, Detroit, Las Vegas, Houston, Los Angeles, Seattle and Philadelphia. They will cut it to three next week and the Republican National Committee will make its final decision in January.

The Democrats, whose tentative announcement date is a week later than the Republicans,

have six possibilities: Houston, New Orleans, Atlanta, Kansas City, Washington and New York. It is generally assumed their city will be different from the Republicans', although Miami was host to both conventions in 1972.

Officially, the parties maintain that they have no favorites. The Democrats, however, are known to lean toward the South to shore up their eroding political base in the region. Kansas City put on an impressive show, complete with a mock convention and a cast of 3,000; Washington, D.C. gave a slick presentation, and New York is expected to shine when the Democrats arrive next week. But the cognoscenti give the inside track to Houston, New Orleans and Atlanta.

The Advantages of a Bust

Probably no city is hungrier for a convention than Houston, its economy and image battered by the oil bust. Local businesses coughed up nearly \$300,000 in cash and in-kind contributions for the site visit this month. The Democrats were treated to the city's best restaurants, tours of the Johnson Space Center and expansive hospitality. Trying to make lemonade out of a lemon, Houston also touted the rock-bottom prices at its hotels and restaurants.

A major difficulty is that Houston's snazzy new George R. Brown Convention Center is still only a beam and wire skeleton. With typical Texas flourish, Joe E. Russo, a local developer, appeared to have assuaged concern by taking out with Lloyd's of London an insurance policy that would pay the Democrats \$5 million if the hall was not ready on time.

"That's very important," said a spokesman for the Democrats, "the feeling that if something goes wrong they'll not just live up to the contract but will make a special effort to solve a problem

if it arises." Houston last had a convention in 1928, when the Democrats chose Alfred E. Smith of New York to run against Herbert Hoover.

Atlanta, too, is eager, but it has a big problem. It has plenty of hotel rooms, but its hall, the Omni, can seat only 14,000 or 15,000 people, well short of the Democrats' required 20,000. The city, which has never had a political convention, is trying to devise architectural modifications that would add an extra 1,000 seats or so.

No slouches when it comes to hospitality, the Atlantans put on a good show, including a breakfast by a Georgian, Jimmy Carter. As Enoch Prow, one of the organizers, put it: "If there were any concerns about the Carter Presidency, we felt they should be met head on." In terms of current politics, Atlanta has a leg up, since Georgia has a Democratic Governor, and, soon, two Democratic Senators; Representative Wyche Fowler Jr. beat the Republican incumbent, Mack Mattingly, this month.

As for New Orleans, officials there deny that the Democrats' visit was postponed because the city, which just announced that the money-saving four-day work week it adopted Oct. 3 would end this week, cannot afford a convention. The decision to reschedule was made by mutual consent, they say. But party officials are saying privately that New Orleans is waiting to see if it makes the Republican short list next week before it lays out money wooing the Democrats.

A City Council member, Peggy Wilson, is among the leaders in what she calls the courtship of the Republicans. After their official visit last summer, she said, "the private sector" invited the committee back for the weekend of the Saints-Redskins game in October. The three-day party included brunch at Brennan's, dinner at Antoine's, a trip to the Audubon Zoo and a ride on the St. Charles Avenue streetcar.

Less is known about the Republicans' selection process than that of the Democrats. The cities are reviewed by a committee of nine that operates quietly, and Republican sources will offer only the blandest comments. But it is generally believed that the party is leaning toward a Southern or Middle Western city. Houston is generally discounted because the Republicans met in Dallas last time. Those familiar with the process say New Orleans is the place to beat.



The New York Times/F. Carter Smith
Mayor Kathy Whitmire addressing members of the Democratic site-selection committee outside Houston's George R. Brown Convention Center last month.

Cities Say Employers Are Cheaper to Keep Than to Attract

Chicago Does Its Job-Hunting at Home

By STEVEN GREENHOUSE

GUERNSEY Dell, a manufacturer of chocolate chips and other ice cream flavorings, will never rival General Motors' Saturn project in size. Nevertheless, when Chicago officials learned that the family-owned company might move to Georgia or New Mexico because it needed a larger facility, they leaped into action.

The city provided industrial revenue bonds, a \$190,000 grant to reduce land costs, a \$1.5 million low-interest loan and a host of consultants to advise the company on the best way to finance its expansion. Ultimately, Guernsey Dell moved its 140 employees to an 8.5-acre site where Chicago's slaughterhouses once stood. "The last thing New Mexico and some other states wanted to hear was that we had concluded that we're better off staying in Chicago," said Barry Horne, the company president.

It is no longer Hog Butcher to the World, but the City of Broad Shoulders still has 6,200 manufacturers, and officials are working hard to make them feel good about staying. That is far more sensible, the officials say, than chasing after giants like Saturn, which, after being wooed by 40 states, chose to put its thousands of jobs in Tennessee.

"Governors and mayors like nothing more than to cut a ribbon at a new plant," said Robert Mier, Chicago's Commissioner of Economic Development. "But most professionals in the field recognize that you can get greater payoffs from retention than attraction."

Indeed, more and more Rust Belt cities are striving to preserve and nurture the industry they have. An increasing number of economic development experts are questioning the tens of millions of dollars cities and states spend in efforts to attract big new plants.

"I get the sense that many places don't get much of a payoff compared with the amount of incentive money that they've put up to attract these large plants," said James E. Peterson, an economic development expert at Northwestern University.

In recent years, recessions, a strong dollar and low-wage competition abroad have severely damaged manufacturing across the nation. In the Chicago area, United States Steel has closed most of its huge South Works, and Schwinn has shuttered a bicycle plant. General Motors is to shut a plant in Willow Springs, a Chicago suburb; elsewhere in the Middle West the giant auto maker is to close 10 plants, affecting a total of 29,000 workers. Throughout the industry, the United Auto Workers union estimates, automation will cost 120,000 jobs in the next five years.

Some critics, citing such figures, say factory employment is shrinking inexorably and Chicago should worry more about increasing the number of service sector jobs. Mr. Mier responds that keeping factory jobs is important not only because wages are high, but also because manufactured products are sold elsewhere and bring money into a city. Many service industries, on the other hand, involve money that is simply handed around among residents of one area.

"The death of manufacturing is a myth we're running against," said Mr. Mier. "If we write off our manufacturing, that means we may lose it

faster. We're working to flatten the decline."

The same thing is being said throughout the Middle West. When Alumax was thinking of moving its aluminum fabrication plant from St. Louis to Iowa, St. Louis came up with a package of incentives to keep it. These included a 25-year tax-abatement scheme, a \$2 million low-interest loan and an \$8 million industrial revenue bond.

"I've been involved in this field for 25 years," said Robert Renard of the St. Louis Office of Business Development. "For a long time I was going after the glamour deals, but you might land just 1 in 100. Meanwhile you're turning your back on the local guy who has been paying the taxes and providing the jobs for maybe 30 or 50 years. We've concluded you can make a lot more progress by concentrating on local business and helping them expand."

This help often means taking an individualized approach. To keep its 200,000 metal fabricating jobs, most of them on the South Side, Chicago is working to improve trucking facilities there. Recognizing that its huge Merchandise Mart attracts apparel buyers from department stores around the nation, Chicago officials are trying to strengthen the ties between local apparel makers and the fashion industry.

"The wisdom nowadays is that the principal area of job creation is in new and small businesses," said Lawrence Howe, executive director of the Civic Committee of the Commercial Club of Chicago, a business organization working with the city to bolster the economy.

Acting on that idea, St. Paul has a city-owned "industrial incubator" building, in which companies that are getting off the ground enjoy low rents and benefit from subsidized job training. St. Paul officials hope this help will enable small companies to expand faster and move to new, larger quarters.

"Instead of spending a lot of time and effort in the very competitive business of trying to lure Saturns to St. Paul," said James Bellus, St. Paul's director of economic development, "we think it's better to put our limited resources into working with home-grown companies like 3M."

That international giant started above a grocery store 84 years ago.



The New York Times/Steve Kagan
Barry Horne, president of Guernsey Dell, a maker of ice cream flavorings, at the company building on Chicago's South Side.

Can Lotus Woo Japanese Execs?

By DAVID E. SANGER

JAPAN is the land of robot-run factories, software-controlled bullet trains and buildings where computers track executives from office to conference room, routing their calls to the nearest telephone.

But one vast territory of Corporate Japan — the desktops of its managers and bureaucrats — has steadfastly resisted automation. For reasons as varied as the awkwardness of Japanese keyboards and the dynamics of how Japanese executives work, paper is piled everywhere, and personal computers can scarcely be found, save in the back corners.

Japanese computer manufacturers have made little attempt to change that. Although they have imitated every form of American computer hardware, they have shied away from productivity software — perhaps because they believe the country's computer users are just not interested.

But now the Lotus Development Corporation, with a battery of electronic spreadsheets and databases as alien to the Japanese as subway graffiti, is promising to change all that, maybe.

Lotus two months ago brought out a special version of its Lotus 1-2-3 financial planning program, one that not only works in Japanese but compiles data in formats suited to Japanese tastes. Type in the year 1986, for example, and it will show up on Japanese-style charts and graphs as "Showa 61," or the 61st year of Emperor Hirohito's reign.

Lotus, whose headquarters is in Cambridge, Mass., is not the first to try to crack the Japanese market. Its largest rival, the Microsoft Corporation, has tried for four years to make the Japanese use spreadsheets. But so far it has sold only 100,000 copies of its spreadsheet, Multiplan.

So the question is whether Lotus, which has sold more than two million copies of its 1-2-3 spreadsheet, database and graphics package around the world, can succeed. "If Lotus can't make it work," one Toshiba executive said the other day, "then maybe no one can."

Even Lotus does not accept the landslide acceptance it had in the United States. "You just can't push Japanese management people to use the keyboard," said Saburo Kikuchi, a 24-year veteran of the Sony Corporation here until he was recruited last summer to head Lotus Development Japan Ltd. "Americans have to understand that the Japanese way of working is totally different."

Perfecting the Japanese way of working is a task that is not unusual to see anyone but a secretary working on a personal computer. Executives here rarely do "what if" projections. If they want that kind of information, they are likely to re-

quest it from a subordinate.

For software manufacturers, that presents a sticky problem. A program usually sells well only after its initial users get hooked on it by discovering slowly how it can make their desk-bound lives easier. Thus, Lotus is seeking to change the habits of Japanese executives — chiefly by conforming as closely as possible to Japan's unique ways of handling and presenting information.

"They've done a good job," said Kazuya Watanabe, who heads personal computer operations for NEC, Japan's biggest PC manufacturer. "That doesn't mean they'll succeed."

The reasons for skepticism are practical as well as cultural. So com-

mentations from staff members, after extensive presentations. If computers are called into play, they are used chiefly by specialists, often with software designed for the company.

Even the term "office automation," bandied about by Japanese computer makers seeking to sell their wares in foreign markets, has a different meaning at home.

"It's fascinating," said Lee A. Murray, a veteran of I.B.M.-Japan and now director of marketing and business area management for I.B.M.'s World Trade Asia Corporation. "The Japanese automate the office the way they would automate a manufacturing plant. They pay attention to quality, to systems that assure expense

rows are marked off by solid and dotted grid lines the way virtually all businesses here prepare their internal charts. The grid lines may also serve as soothing reassurance to first-time computer users: They are very similar to the paper grids in which Japanese schoolchildren first learn to write their kanji characters.

Other changes are more subtle. The new Lotus, which so far runs only on a NEC personal computer and I.B.M.'s model 5550 office computer, uses a "mouse," or pointing device, to move the cursor around the spreadsheet. "We realized," said Jack Plimpton, the marketing manager, "that we will be selling this to a lot of keyboard-phobes."

Unlike the English version, the new Lotus database sorts words phonetically. In addition, the program can create Japanese spiral graphs, a type of diagram that permits data to be exhibited along three axes. The program will also create the kind of stock charts — showing highs, lows and closing prices — that appear in newspaper financial tables.

And because the Japanese tend to demand very high quality graphics, both video displays and printouts are much crisper than their American counterparts — a feat that is possible because Japanese personal computers have a much higher display resolution than the models that I.B.M. and Apple sell in the United States.

"It turned out that the Japanese language translation was really the easier part of creating the program," said Stephen Turner, an Englishman who speaks not a word of Japanese and who headed the engineering effort. "What took time was learning about the market — what people expected from the spreadsheet — so that we didn't get any nasty surprises." It was those studies, he said, that prevented Lotus from turning out a program without grid lines, or one that used Western-style dates.

Mr. Turner insisted that he and his Japanese associates had no qualms about tinkering with the personal computer industry's most tested and successful program. "Engineers never hesitate to mess with something," he said. "Anyway, if we had just done a translation and left the rest of the program alone, it would have been a disaster."

In total, reworking Lotus 1-2-3 took 22 months, or about a year longer than it took Lotus's founders to write the original program. By the time Lotus had lured Mr. Kikuchi away from Sony, the program was basically finished; it is his job to convince the Japanese that they need it. But Mr. Kikuchi seems to sense that it will be an uphill battle.

"I think our best bet is with the younger managers," he said. "For old people like me," joked Mr. Kikuchi, who is 46, "this may be coming to Japan too late."

accounts over a set figure are routed to the right manager for approval. There is no lost mail.

The drive to improve group productivity, however, has not been matched by an effort to increase individual productivity with computerized tools — the desktop organizers, filing programs and financial planners that have become standard gear in American offices. "Japanese executives are more likely to hit upon a creative idea over beers at the local club," one I.B.M. official said here the other day, "than over a computerized spreadsheet. That's just the way it is."

In its effort to change that, Lotus is portraying itself as the initiator of a revolution. Advertisements for the new 1-2-3 show a group of samurai warriors armed with swords. The warrior in the center is holding another weapon — a floppy disk.

The advertisement, Lotus officials say, is intended to conjure up images of the Meiji restoration a century ago, when Japan opened its doors to outsiders and ushered in its industrial revolution. One Japanese computer executive, who appeared worried about Lotus's entry into Japan, said this week that it reminded him more of Commodore Perry's uninvited entry into Tokyo Harbor in 1853, accompanied by a quarter of the United States Navy.

Whatever the image, in the past two months Lotus has sold an impressive 6,000 copies of 1-2-3 here, at roughly \$500 apiece, though the program would be hardly recognizable to devotees of the original.

The spreadsheets themselves appear entirely different. Columns and

Small computers have not caught on in Tokyo, but the software firm is betting that they will.

plex are Japanese keyboards — there are more than 7,000 characters in kanji, the language's ideographic representation — that most white-collar workers here have never sat in front of a typewriter, much less a computer.

Only in the past few years have word processors sold widely in Japan, largely because of vast improvements in programs called "kanakani" converters. A conversion program allows the typist to enter words in kana, a phonetic alphabet that fits on about 50 keys, and then the program automatically changes them to kanji characters. But because many words sound alike, the computer user is often asked to pick one of several possible kanji characters — a laborious task most executives would not tolerate. Thus, most computers are kept in the back office, for use by typists only.

"People are less inclined to want a PC in Japan; they just write by hand," said Chris Larson, the development manager for Microsoft here. "That's why there are so many facsimile machines in Japanese offices."

More than just chunky word processing, though, has kept computers off executive desks. The underlying premise of productivity software is that decisions can be speeded if a manager can toy with sales projections, for example, or call up a telephone directory on a desktop PC.

But if that is how things happen in San Francisco or Chicago, it is not how they happen in Tokyo and Osaka. Older Japanese managers tend to make decisions based on oral recom-

The Ferrari Dealer's Heaven

By LAWRENCE M. FISHER

MAYBE the traffic on Main Street here does not part for you when you are driving a \$69,500 red Ferrari Mondial Cabriolet; it just seems that way.

The mystique of the machine may cloud your perception of how many other Ferraris share the road. You seem to be the only driver behind so elegant a wheel, but there are, in fact, plenty of Ferraris cruising the gentle hills of Los Gatos.

For nearly 40 years, Ferrari automobiles have been synonymous with speed and style and have won more Grand Prix races than any other marque. But these most coveted of cars are also conspicuous high-technology symbols of having arrived.

So it is fitting that here, at the edge of the Silicon Valley, where fortunes are made and unmade almost overnight, there is a dealer who claims to sell more Ferraris — new and used — than anyone else in America.

His claim is not easy to verify, or dispute. Ferrari, owned by Fiat since 1969, has 45 dealers in the United States, who together receive about 1,000 new cars a year — 35 percent of the output of the company's small factory in Maranello, Italy. A spokesman for Ferrari North America says, the importer does not release sales figures for new cars and does not monitor sales of used ones. But he concedes that Ferrari of Los Gatos "does a lot of volume."

Even with the continuing slump in the valley, volume translates into annual sales of about 50 new Ferraris, 135 to 150 used Ferraris, and about 150 other used sports and luxury cars, according to 44-year-old Brian Burnett, a former Porsche sales manager who leveraged his home to open Ferrari of Los Gatos 10 years ago.

Mr. Burnett has built his business and reputation in large part by aggressively hunting down used Ferraris in mint condition and by devoting his new-car trade to Ferraris only. It does not hurt, either, that the annual Monterey Historical Automobile Races, held about an hour's drive away, sometimes draws up to 100,000 auto aficionados, many of whom take a quick detour past Los Gatos to check out Mr. Burnett's inventory.

His quarter-acre on Main Street is typically crammed with about \$1 million worth of automotive art and legend. In the small showroom, a Jaguar XK 120 shares space with a flawless black Ferrari Dino 246 GT and a Mercedes convertible. Outside, a half-dozen used Ferraris, an Aston Martin, two Maseratis, three Porsches, four Morgans and other sports and

exotics rub bumpers.

Five salesmen, including Mr. Burnett: five service technicians and three other full-time employees make a living from the store's typical \$13 million in annual sales. Working six-hour days, the salesmen earn from \$60,000 to \$140,000 a year, and dress casually in polo shirts and cotton slacks. "There's no reason I can see to walk around in a suit and tie to sell a car," said Mr. Burnett. "Most of our customers don't wear suits and ties."

Even in hard times, a status symbol with mystique sells well in the fast-paced Silicon Valley.

Most of their customers are men, ages 30 to 60: computer executives, doctors, lawyers, farmers, real estate agents, movie stars.

Mr. Burnett declines to name-drop, but one satisfied customer is James Treibig, the 45-year-old chief executive of Tandem Computer, about 15 miles away in Cupertino, who bought a new Ferrari 308 GTS in 1978.

"I went down there on a Sunday in shorts and a tee-shirt, and I didn't even have my checkbook with me," Mr. Treibig said. "They let me drive it off, and there was no way you could look at me and know I could pay for it."

That, apparently, is not unusual for Mr. Burnett. "We're not so prim and proper that we won't let a guy take his car home just because he forgot his checkbook," he said.

The trusting attitude appealed to Mr. Treibig. "I'd worked really hard, and you try to think of something that you'd dreamed of that makes it all worth it." Though he also keeps a Buick for daily transportation, he said, "I drive the Ferrari when I'm working to build up my enthusiasm."

As a visible sign of the successful entrepreneur, the Ferrari figures heavily in Silicon Valley lore. The Computer Entrepreneurs, a 1984 book by Michael Levering, Michael Katz and Milton Moskowitz, recounts that Jerry Sanders, chairman and chief executive of Advanced Micro Devices, owned a Ferrari for five years without learning to operate its radio (he dislikes reading manuals), then gave it to a departing girlfriend as a going-away gift.

The auto figured tragically in the story of Dennis R. Barnhart, the 40-year-old president of Eagle Computer, who was killed in a crash as he

drove in his Ferrari the day his company went public in 1983. (That car was neither sold nor serviced at Ferrari of Los Gatos.)

The Ferrari's mystique goes beyond the valley, of course, into the fast lane of almost every profession. Dennis B. Levine, the former Drexel Burnham Lambert managing director who is a key figure in the current insider trading scandal, had to give up a red Ferrari valued at \$80,000 as part of his multimillion dollar settle-

ment with the Securities and Exchange Commission.

But the Silicon wizards have always been part of Mr. Burnett's business, even though the protracted downturn in semiconductor and computers has reduced the industry to 5 percent of his sales, from 25 percent during the electronics boom five years ago.

Ferraris are still thick in the valley, but they no longer dot the high-tech parking lots. Apple Computer says none of its employees bring Ferraris to work. At Amdahl, only one sits outside the building. The Computer Entrepreneurs lists but two Ferrari owners in the valley among the 65 executives profiled — Mr. Sanders and Porter Hurt, head of PH Components in Fremont.

Still, Mr. Burnett says, his overall sales have not dropped over the past five years; they have remained flat, with other buyers filling the high-tech gap. Mr. Burnett says he is a heavy user of local newspaper classifieds — one key to his success in competing against other Ferrari dealers nearby in Walnut Creek about 80 miles north-east, in Monterey about 50 miles south and in San Francisco about 80 miles north.

And sports stars, entertainers and businessmen from other parts of the country also arrive — via the San Jose airport — to buy from him. "After 10 years selling this kind of stuff, you get a reputation," said Mr. Burnett.

The inventory itself, especially the gleaming used Ferraris that look brand new, is part of that renown. Mr. Burnett used to criss-cross the nation in search of these restored cars. Now, he says, car owners call him when they want to sell. "We have an advan-

tague now that we're known all over the United States," he said.

Ferrari builds five basic models, but only three — those already meeting Federal safety and emission standards — are legally imported into the United States.

The "cheapest" is the 328 GTB, at about \$62,000. With a 260 horsepower double overhead cam 4-valve V-8 mounted between its two seats and the rear wheels, it has a top speed of 149 miles an hour, says Road & Track magazine.

Most popular is the 328 GTS version of this model, which adds a removable roof — and almost \$3,000 dollars to the price tag. "Everyone wants a red GTS with a tan interior — everyone wants to be Magnum," said Steve Barretta, the service manager of Ferrari of Los Gatos, referring to CBS's "Magnum P.I.," a Hawaii-based private eye played by Tom Selleck, who actually drives a similar, but slightly older, model on the show.

The American line tops out at about \$103,000 for the Testarossa, whose mid-mounted 12-cylinder engine can propel it to 180 miles per hour. "You drive as fast as you like and pay the price," said the mechanic demonstrating this model, after mounting a battery-powered, pocket-sized radar detector on the windshield. The Testarossa is the new chariot for the pastel-suited detectives on NBC's "Miami Vice."

In between is the almost-\$70,000 Mondial, which offers occasional rear seats and is available as a hard top or a true convertible.

One factor that aids Ferrari sales is that nearly every model has appreciated over time, some far more rapidly than other exotic cars. Though less popular models, such as the Dino 308 GT4 made in the 1970's, go for \$25,000 to \$32,000, putting them in the same range as lower-priced new cars from Porsche and BMW, others bring much higher prices.

The Daytona Spider has quadrupled in value since its production: ceased in the mid-70's. One in good condition now fetches over \$200,000. An early 308 GTB, the first Ferrari produced in large numbers, brings about 105 percent of its original selling price, Mr. Burnett says.

Ferraris are also surprisingly easy cars to drive, even the first time for a reporter uneasily conscious of the sticker price-to-salary ratio. But it seems to be wealth, rather than automobile enthusiasm, that is the common denominator among Ferrari customers. "There's a different group of people who know about them now, whereas in the 60's, Ferraris were more of a sports-car crowd," said Peter Egan, senior editor of Road & Track.

The Economy

WEEK IN BUSINESS

As Tax Law Looms, Mergers Take Off

Merger fever returned to Wall Street, ending the brief respite that followed the insider trading scandal involving the arbitrageur Ivan F. Boesky. The new merger wave is apparently being spurred by the looming tax deadline: Once the new tax laws go into effect on Jan. 1, capital gains will be taxed at a higher rate, so corporations are eager to let shareholders make hay while the 1986 sun shines. Among the deals were these:

•The Limited is trying again to buy Carter Hawley Hale, which operates Neiman-Marcus and Bergdorf's. The offer, for \$1.8 billion in cash, is being made by a partnership of The Limited and Edward J. DeBartolo, the top shopping center developer. Leslie H. Wexner, the chairman who built The Limited into a major retailing force, has had his eyes on Carter Hawley for some time. In 1984 he offered \$1.1 billion, but was thwarted by General Cinema, which bought a big stake in Carter Hawley. General Cinema said it would oppose the latest Limited bid as well.

•Warner L. Jacobs offered to buy Borg-Warner for \$3.6 billion. But GAF, which earlier said it might want to buy Borg itself, said Mr. Jacobs was just trying to drive the price up so he can get more for his own stake. Mr. Jacobs owns 7.6 percent of Borg-Warner.

•American Brands bid \$2.8 billion in an unsolicited offer for Chesapeake-Pond and said it had \$3 billion in financing lined up. Analysts said it was a good offer, but Chesapeake did not respond immediately.

•Zale gave in to months of pressure and agreed to a \$525 million offer from a partnership of Peoples Jewellers of Canada and Swarovski of Switzerland.

•Barnes & Noble will buy B. Dalton from Dayton Hudson for about \$300 million, adding 779 bookstores to the 35 it already has. The combination will make it the industry leader.

•Control of the Waldbaum's grocery chain will be sold to A&P for \$287 million.

The trade deficit shrank in October, to \$12.06 billion, the third consecutive decrease. Exports rose strongly, a bright sign since the two previous improvements had come more from a decrease in imports. Analysts said the October figure was the first real sign that the lower dollar and American trade policies are beginning to turn the trade picture around. That eases the pressures on Congress for protectionist legislation. But the gap with Japan widened slightly on the strength of auto imports. ... On the downside, orders for durable goods fell 6 percent in October, the biggest decline in 30 months. Most of the decrease was in military goods. ... Consumer prices rose two-tenths of 1 percent in October, mainly because of increased car prices.

Revlon dropped its bid for Gillette after Gillette agreed to pay \$558 million for Revlon's shares in what analysts said was clearly greenmail. Revlon's chairman, Ronald O. Perleman, had offered \$4.12 billion for Gillette, and analysts said he might not have pulled out of the deal so quickly if not for the increased scrutiny of



Leslie H. Wexner

merger financing in the wake of the Boesky scandal.

Arbitrators generally are taking a bath despite the new wave of mergers, analysts said. The Boesky scandal had put a number of mergers on hold, and trading on speculation of such deals has become more cautious for fear it would be considered insider trading. Indeed, many analysts say the markets have been remarkably devoid of rumors in recent days.

Barclays is pulling out of South Africa, becoming the first big British company to do so. The company said it was leaving for "basically commercial reasons," but acknowledged it was influenced by the growing opposition to apartheid.

Stocks continued to rise in a relatively slow, holiday-shortened week. The Dow Jones industrial average finished at 1,914.23, up 20.67 for the week. Prices of Treasury securities seceded, and M-1 fell \$1 billion.

Brazil is again in turmoil over its economic policies. Less than a week after a new, stiff package of economic measures was introduced to try to slow inflation and runaway economic growth, Finance Minister Dilsen Funaro tried to resign in the face of heavy public opposition. But President José Sarney rejected the resignation, saying Mr. Funaro's job was not yet finished.

G.M. is disillusioned with Electronic Data Services, which it acquired two years ago, and apparently tried to sell the unit to A.T.&T., which was not that interested. The criticism of G.M. by E.D.S.'s chairman, H. Ross Perot, has proved to be a handful and a headache for G.M.

LTV lost \$2.06 billion in the third quarter because of \$2.1 billion in write-offs related to its Chapter 11 reorganization.

Saudi Arabia will resist cutting its oil output, reducing the chances that OPEC will be able to reach any agreement on raising prices. Oil prices dropped sharply on the prospect of further turmoil in the oil industry.

MERRILL PERLMAN

The New York Stock Exchange									
MOST ACTIVE STOCKS					Standard & Poor's				
WEEK ENDED NOVEMBER 28, 1986									
(Consolidated)									
Company	Sales	Last	Net Chng		Company	Sales	Last	Net Chng	
Ohio Ed	15,006,400	20%	- 1/2		400 Indust	277.7	273.0	277.7	+4.08
Ches Pn	11,874,000	65%	+20 1/4		20 Transp	208.5	205.9	207.5	+0.70
AT&T	11,800,800	27%	+ 1/2		40 Utils	115.8	114.1	115.8	+1.15
USX	11,608,200	21%	-		40 Financial	27.4	27.0	27.4	+0.30
Gillett	8,761,200	48%	- 7/8		500 Stocks	249.2	245.2	249.2	+3.36
Duq LI	6,622,400	12%	- 1/2						
Xerox	6,326,200	60%	+ 1 1/2						
Tex Util	5,917,000	32 1/2	- 1 1/2						
IBM	5,230,100	127%	+ 3 1/2						
Coc CE	5,158,800	15 1/2	- 1						
Arist	5,022,200	18 1/2	-						
Flaprg	4,945,500	42%	- 1/2						
Goodyr	4,928,100	43	+ 1/2						
Am Mot	4,875,600	3 1/2	+						
Gen El	4,847,800	83	+ 4						

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The Right to Trust the Government

For three weeks now, the Reagan Administration has been fighting the wrong fire. The Iran-contra arms affair has created its most damaging crisis in six years. Startling contradictions surface in fundamental policies; White House staff members are caught up in flagrant embarrassments. Stunned, the public yearns for serious, credible explanation. Instead, Administration officials act like scared bureaucrats with something to hide.

To judge by its behavior so far, the only lesson this Administration has learned from Watergate is to burn the tapes. There's little sign of recognition that the most fragile and most precious political commodity is at risk: the public's trust in its Government.

In such bizarre circumstances, the best way to protect that trust is to investigate, to find out what happened, regarding both foreign policy and possible criminal violations of law. Yet the Administration seems more interested in putting a lid on the affair. The public is entitled to the reassurance of proper investigations. When the executive branch will not provide them, the duty falls on Congress.

The Administration's indifference begins with its reliance on Attorney General Meese as chief fireman. Some Attorneys General, like President Ford's Edward Levi, personify impeccable independence. Mr. Meese is distinguished for his loyalty to President Reagan. While politically admirable, that does not bespeak the objectivity needed for the all-out investigation he promises.

"I think every member of the Administration owes it to the President to stand shoulder to shoulder with him," Mr. Meese declaimed last week, prematurely acquitting most of his colleagues. He delayed enlisting the F.B.I. and other Justice professionals and may have permitted destruction of documents.

Plausible demands from Congress and the public should persuade Mr. Meese to drop his conflicting assignments as the President's lawyer and the law's enforcer. Both the Independent Counsel Act

and ordinary prudence require a court-appointed prosecutor when high-ranking officials are implicated in wrongdoing. To gather the facts about his Administration colleagues; to use the criminal law's tools to squeeze truth from reluctant officials; to ascertain whether Congressional strictures have been violated and assess whether violations amount to a crime — all in a manner that inspires confidence — would daunt a lawyer more determined than Mr. Meese.

Beyond criminal investigation, President Reagan's appointment of a review board to study the National Security Council seems incomplete. It's an able panel, but by appointing former Senator John Tower as chairman, the President needlessly introduced an ethical problem. Robert McFarlane, the former national security adviser whose actions figure heavily in the probe, is also a former member of Mr. Tower's staff.

Mr. Tower, Brent Scowcroft, the distinguished former Ford aide, and former Secretary of State Edmund Muskie have the ability and public confidence to assess the N.S.C. but they cannot assess the entire maze of private arms dealings, C.I.A. involvement, Swiss bank transactions and bizarre actions that make the crisis so alarming.

It seems plain that the executive branch wishes to skin past quickly when the need is to lay things out fully. That means the public must look to Congress for a solution. Some committee heads are taking sensible preliminary steps, but Senate and House leaders, of both parties, have yet to act. They, like the Administration, seem preoccupied by tactical, political calculations, wondering how the scandal will play in 1988.

A bipartisan forum could assure the public that someone in Government can be depended on to flush out and flesh out the truth. An ideal solution would be a select joint committee to summon the documents and witnesses — and to start work now, before more documents disappear and more leads fade. That won't be easy to arrange now, between Congresses. But unless some such bipartisan effort starts soon, much more than time will be lost.

Who Will Care for the Boarder Babies?

Baby L., barely 2 months old, frets until a nurse comes to his Plexiglass bassinet and props him up with her hand. His skin, a variegated brown, is dry. His brown eyes, like saucers, look into those of his rescuer, refusing to notice anyone else for fear he'll lose her attention.

Attention is a precious commodity for Baby L. and the dozen other infants being kept on any given day in two convalescent nursery rooms on the 10th floor of Kings County Hospital Center in Brooklyn. They and some 130 other infants are "boarder babies," abandoned by or removed from their parents. They must languish in hospital cribs for an average of two months because the city hasn't arranged for emergency foster care. For that there can be no excuse.

According to Special Services for Children, the city agency responsible for foster children, two-thirds of the boarder babies are born to mothers who use crack, cocaine or heroin. Those infants must be detoxified, a process that takes two weeks. Others have a serious physical or mental handicap and at least a dozen are in danger of getting AIDS. But officials freely admit that such problems are not the reason the babies can't be placed. Deputy Administrator Eric Brettschneider says the agency did not foresee the recent explosive increase in the number of abandoned and drug-abused babies.

Yet he and other city officials have allowed the crisis to fester. Recently, Mayor Koch belatedly hosted a breakfast with black church leaders, urging them to recruit foster parents in their communities. Why not reach out to all New Yorkers? An impressive advertising campaign is being prepared but city officials will not air it until January. Why wait?

News reports about abandoned children have generated 4,000 calls to S.S.C. from potential foster parents since July. Yet so far, only a handful of parents have been licensed. The agency says it can't move faster because investigations, including home visits, can take up to six months. Only perverse priorities could possibly continue to deny this emergency the resources it demands.

City officials may deserve sympathy for the difficulties of addressing the problem of longer-term foster care of children cast off by families caught in the tide of neglect and dependency. But the immediate problem of the boarder babies is simpler. It requires recruiting a few hundred families or setting up boarding homes in existing facilities with round-the-clock care-givers. In a city of more than seven million people, that ought not to be beyond the capacity even of an agency troubled by scandals and weak administration. Beyond sympathy, the boarder babies evoke outrage.

Letters

Past, Present and Future in the Iran Arms Deal

To the Editor:

The United States arms transfer to Iran is not the first strategic miscalculation in a time of upheaval in the Middle East that involved the U.S. minimizing Iraq's contribution to a stable regional status quo.

In the 1950's, Iraq was a founding member of the Baghdad Pact and thereby the only Arab state formally supporting containment of the Soviet Union. Until Iraq became a barrier against the expansion of the Ayatollah Ruhollah Khomeini's fundamentalist revolution, this was the last time it played a major regional role in support of Western interests. But the Eisenhower Administration, after hustling Iraq into this "northern tier" alliance, refused to join (despite Pentagon recommendations) and left Britain as the pact's only Western member.

The Iraqi Government's association with the British colonial image left it "severely shaken" (the Central Intelligence Agency's words) by the 1956 British-French-Israeli invasion of Suez and ensuing political crisis. Nevertheless, Washington stonewalled Iraqi requests for arms and refused to dispatch military aircraft on "show-the-flag" missions (again despite the Pentagon).

Then as now, the major obstacle was Iraq's enmity toward Israel. But a very important secondary reason existed: the State Department was pursuing a strategic opening with Egypt's Gamal Abdel Nasser, whom it perceived as more important than Iraq to U.S. objectives. Thus, U.S. desire not to alienate President Nasser in the 1950's and Iran in the 1980's has twice left Iraq in the cold in periods of regional crisis.

Iraq's pro-Western regime met a violent demise in July 1958 that caught everyone off guard. The West's standing in the Middle East has never been the same. A similar catastrophic turning point awaits us if Iraq collapses before the Iranian onslaught. The difference is that we have been warned of it for nearly five years. Has no one in the White House been listening?

FREDERICK W. AXELGARD
Washington, Nov. 14, 1986
The writer is a fellow in Middle East studies at Georgetown University's Center for Strategic and International Studies.

Belligerence to Follow

To the Editor:

It would be a mistake for us to focus our full attention on the errors of the Reagan Administration's arms deal with Iran. Instead, our prudence would be better turned toward the uncertainties of United States foreign policy in the immediate future.

Current wisdom holds that the Reagan Presidency has been weakened by the loss of congressional seats to the Democrats, as well as by such embarrassments as the Hasenfus affair and Reykjavik. But an administration that appeals to the electorate more through imagery than reason is capable of additional excesses. For most Americans the memory of U.S. intervention in Grenada is divorced from U.S. policy in the Middle East in the same period. Nonetheless, the Administration's incursions in the Caribbean in 1983 are better understood in light of ambivalent public sentiment toward ill-defined U.S. military objectives in Lebanon. The Carter Administration's seemingly irrational attempt to free American hostages in Iran in 1980 is another example of a President responding to a loss of prestige. Though the rescue was unsuccessful, it appealed to the national mood for toughness in international affairs. A misguided objective has focused attention on the impotence of the Administration's Middle East policy. In the context of strong public disapproval, the Administration may again turn to military adventure to reestablish its ideological bona fides. Contrary to predictions of a President riding out his last two years as a "lame duck," Americans may witness frightening foreign-policy innovations as the Administration moves to exploit the nationalist temper of the 1980's.

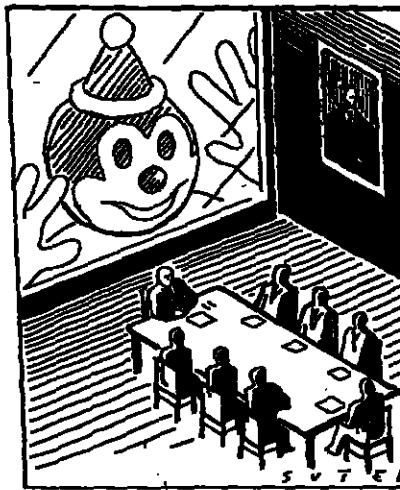
ERNEST J. OLIVERI JR.
New York, Nov. 21, 1986

The Mid-80's Parable of the Toys and Cars

To the Editor:

Until quite recently, I worked in the General Motors Building. Towering over the Plaza, Central Park and standing between Fifth and Madison Avenues, it was a world-class building. Entering from Fifth Avenue, one could stroke the latest G.M. models, painlessly overdosing on sticker shock and checking to see whether that giant of American industry had succeeded in eliminating ripply paint finishes (it has). The Madison Avenue entrance brought you face to face with an efficient-looking security booth behind G.M.'s car of the month. All that's gone now. Marquees have sprouted on the building's facades proclaiming the presence of F.A.O. Schwarz, so now I work in the toy-store building. Not that I mind F.A.O. Schwarz; an operation that can sell a \$12,000 toy Ferrari is a class act — which played very well year after year just across the street from the General Motors Building.

In the early 1950's, someone gave me a cheap wind-up toy stamped "Made in Japan." The toy was kind of junky, did not run too well and was quickly dismissed in favor of my tried-and-true



American-made Erector Set and Tinkertoys. I guess G.M. did something similar in dismissing the early Japanese car imports. Too bad, for now I find myself working in a building with a two-story-high clock with silly faces on it, and the General Motors Building isn't General Motors' building anymore.

CHARLES D. FORMAN
New York, Nov. 20, 1986

transfers to Iran appear more like a policy to prolong the war and prevent victory by either side.

Secondly, criticism of the arms sales has focused exclusively on Iran, a Government widely considered to have humiliated the U.S. But most objectionable should be the notion that improving relations with any country is best accomplished by dispensing weapons. Under this Administration, military power has become a cornerstone of foreign policy: friends and others we want to influence receive arms; foes get bombed or invaded. Can the U.S. offer the world nothing else than means of destruction?

Finally, the Iranian episode should teach us about the uses and abuses of the term "terrorism." Because charges of "support for international terrorism" are vague and seldom substantiated, they facilitate inflating and de-emphasizing the "terrorist threat," like flipping a lightswitch on and off. Thus, President Reagan defends his Iran deal by saying that Iranian-sponsored terrorism against Americans ended since the arms transfers began. A few days later, the terrorism charge is resurrected by his aides. The "incontrovertible proof" of Libyan involvement in a West Berlin disco bombing was suddenly transformed into evidence of Syrian "masterminding."

The Administration has been put on the defensive because of the immense dislike of the Iranian regime. Had the Democrats been equally determined to challenge policies toward Nicaragua and South Africa, for example (just as indefensible as the gun running to Iran), U.S. foreign policy might be on a more sensible and principled footing.

Let us hope the Iran episode will lead to a reappraisal of the means and goals of foreign policy and the proper use of Presidential powers and privileges.

MICHAEL G. RENNER
Research Associate
World Policy Institute
New York, Nov. 24, 1986

Equal Justice?

To the Editor:

Five men were sentenced to prison last week in Boston for participating in a plan to supply guns to the Irish Republican Army in violation of Federal export and firearms laws. Meanwhile, National Security Council officials strongly associated with supplying arms to the contras in Nicaragua and to Iran in violation of the same laws are not brought to trial. Is this justice?

MALVINE COLE
Jamaica, Vt., Nov. 12, 1986

'Moderate' Arabs

To the Editor:

The Reagan Administration's decision to supply arms to Iran through Israel has damaged United States policy in the Arab world and sharply undercut American credibility among centrist Arab rulers" (news story, Nov. 23).

Maybe so, but Iraq attacked Iran, and our "moderate" Arab friends — particularly Jordan, the Gulf Emirates, Saudi Arabia and Egypt — remained strangely silent while battlefield results were favorable to Iraq. It mattered not where Iraq received funding, equipment and supplies; only that Iraq was winning.

While the Jordanian Foreign Minister, and Arab apologists in the U.S., lament Israel's cooperation with the U.S., you report that, according to oil traders and oil experts, large shipments of fuel have been crossing the Persian Gulf from Saudi Arabia to Iran (front page, Nov. 23).

Therefore, "moderate" Arab bitterness over supplies to Iran seems to start and end with the U.S. and Israel. Apparently, it has not damaged Saudi policy in the Arab world or sharply undercut Saudi credibility. There has not been one word of criticism from the "moderates" that the Saudis are aiding the Iranians by shipping them oil and helping to fuel the equipment from the U.S.

ALBERT ESTEROW
Fresh Meadows, N.Y., Nov. 24, 1986

Topics

Tax / Attacks

Fiscal Footnote

A new report from the Treasury knocks the idea of a flat income tax — a simple single rate for all taxpayers. That's not surprising. Treasury analysts were working even more diligently meanwhile on tax reforms, now enacted into law, that are neither simple nor flat. Why the now-academic study of a flat tax? Because Congress ordered it in 1984, before tax reform became a major issue, and no one bothered to countermand the directive when President Reagan ordered up his own reform package.

The study makes an interesting footnote. It calculates that if the Government used a flat tax to collect the same revenue as the current system, without exemptions or deductions of any kind, the rate would be 6.7 percent on all individuals and businesses. That's an intriguing prospect for the majority of taxpayers. But as the Treasury study points out, it would inflict a huge increase on the poor, and uneven tax burdens on different types of industry. While theoretically appealing, the flat tax remains a practical fantasy — socially, economically and politically unacceptable. That is a healthy perspective from which to view this year's reforms, less than simple yet largely welcome.

Heavy Traffic

The morale of the city's 1,830 traffic enforcement agents has plummeted.

meted with high costs in professional and productivity. The turnover rate is 30 percent. A big reason is their increasing vulnerability to assault. Last year, there were 535 attacks on the brown-uniformed agents, including stabbings and roundups.

In response, the city seeks sensible state legislation elevating assault on a traffic agent from a misdemeanor to a felony. Police officers, firefighters, toll collectors, store detectives and animal-rights enforcers all enjoy that protection. Yet Melvin Miller, Brooklyn Assemblyman and chairman of the Codes Committee, blocks the change, fearing similar requests.

The city needn't wait for Mr. Miller. Mayor Koch could grant agents the status of special patrolmen, making them subject to felony-law protection. He hesitates, however, because state law mandates a 35-hour course in law enforcement for special patrolmen. That would cost the city a few million a year to teach agents skills they are unlikely to use.

But simply waiting on Albany ignores reality. Traffic enforcement agents generate more than \$200 million in revenue. Improving their morale might bring in enough to offset the expense. It could produce an even more welcome gain in protecting their safety.

Gold Christmas

Which business magazine do you read? Fortune rates the U.S. Mint's

gold Eagle as the No. 1 "Product of the Year," beating out Bruce Springsteen's new album, Pepsi Slice, Laser Tag and other, more serious creations. But Business Week warns of "ridiculous" prices. The Eagle is America's answer to the embargoed South African Krugerrand. It's the first gold coin issued here for general circulation since 1933. It comes in four sizes, topped by a \$50 piece that contains one ounce of gold.

But no gold coin — not the American Eagle, Canada's Maple Leaf, China's Panda, the Krugerrand or any other — sells for its face value. For coins made of precious metals, the denomination confers only the status of legal tender, exempting them from jewelry tariffs that foreign buyers would otherwise have to pay. The Government sells Eagles to dealers for the current value of their gold content, now about \$380 an ounce. The dealer's price to the public adds markups and premiums.

The first batch of 800,000 coins was supposed to last a month; it went in two days. Prices climbed. Donna Pope, the mint's director, warned bulk dealers against excessive markups and advised consumers to shop around. More Eagles are on the way, as fast as they can be minted. Eventually the supply will grow and the novelty value shrink. Meanwhile, the Eagle has Fortune's blessing. Christmas shoppers have Business Week's caution and the Treasury has taken in a tidy quarter-billion.

What the Buccaneers of Finance Have Done to the U.S. Economy

To the Editor:

The Wall Street "Arbitrage" disclosures have directed increased attention not only on the huge amounts of wealth being accumulated by individuals as a result of major corporate takeovers, but perhaps more importantly, on the entire process of junk-paper financing, massive corporate restructurings and the resultant liquidation of billions of dollars of corporate assets.

Little attention has been paid, however, to the longer-term economic consequences and accompanying erosion of our economic base. I believe this deserves Congressional investigation. Key concerns include the following:

• While widespread publicity has been given the huge amount of insecure debt of less-developed nations held by U.S. financial institutions and the resultant potential for financial crisis, no attention has been paid to the junk paper being accumulated by banking and insurance institutions and the significant debasement of the quality of their loan and investment portfolios.

• Because most cash flow of corporations subject to leveraged buyouts has been dedicated to servicing the facilitating debt and related interest charges, industrial reinvestment in the United States is being seriously undermined. Without new capital invest-

ment the gap between overseas and domestic industrial efficiency will continue to widen. Rather than having entered an era of the "reindustrialization" of American industry, we have embarked on the "deindustrialization" of American industry.

• Rather than modernizing our older plants and manufacturing facilities, the new breed of corporate buccaneers finds it more in their interest to generate cash by liquidating these facilities, with no intention of replacing them.

The resulting loss of tens of thousands of jobs, combined with the long-term reduced rate of new job formation caused by the lower level of funds for new plant spending, is causing painful hardship to a growing army of forgotten workers and their families, and ultimately to the nation as their reduced economic activity ripples through the economy.

• The increasingly commonplace practice of "greenmail," while apparently legal, is at the least immoral. Corporate assets, the rightful

property of all shareholders, are being squandered for the primary purpose of enabling entrenched managements, technically the employees of the shareholders, to perpetuate themselves.

• We have witnessed the de facto repeal of antitrust legislation in the new world of business amalgamations in which anything goes. Laws on the books should be enforced, modified or legislatively repealed.

• It has become increasingly popular for entrepreneurial adventurers to invade pension-fund assets for personal advantage, thereby minimizing the ability of such funds to maintain their strength and integrity in the face of serious financial market declines, and, in turn, ultimately robbing employees of benefits earned over many years.

All of the above cry out for deliberate examination by Government at its highest levels. It appears, however, that to date that cry is not being heard.

DONALD L. TROTT
Wayne, N.J., Nov. 21, 1986



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WASHINGTON | James Reston

Where Are We Going?

WASHINGTON — The events of recent weeks have made us wonder, not merely what's happening to the Reagan Administration, but what's happening to America. Where are we going? The scandal in Washington over sneaking weapons to Iran and Nicaragua is merely the most dramatic symbol of a wider corruption. We see the "insiders" at work not only on Pennsylvania Avenue, but with the Ivan Boesky's of Wall Street, the political hucksters of Madison Avenue and the television preachers of Main Street. "Give us this day our daily broadcast!"

History seemed to be trying to tell us something this last Thanksgiving week: The Treasury Department was telling us that we have the largest private and Federal debt in the nation's history. The Commerce Department was telling us that our record trade deficit was not the fault of Japanese brilliance, but of our own industrial mismanagement. And even the Department of Agriculture was telling us that for the first time in our history, we are now buying more farm products from abroad than we're selling.

It wouldn't be fair to blame all this on the Government in Washington and to excuse the American people. They got precisely the Government they wanted and deserved. Ronald Reagan didn't really deceive them. Every quality or lack thereof he has demonstrated in the White House was apparent and reported when he was in Sacramento as Governor of California.

His ideology didn't change at home or abroad. His Saturday afternoon broadcasts from the White House have been rewrites of his free enterprise and anti-Communist sermons for General Electric long before he got into politics. Always he was against "government," and now after his mismanagement of the Iranian-Nicaraguan affair, we know what he means.

It was not that, like Richard Nixon at the Watergate, he was in charge and meant to deceive the Congress and the people. It happened on his "watch," but he wasn't watching. It happened on his nap.

It may seem cruel to condemn him when he's down, especially since the Democrats are spoiling for a fight, and a stalemate between the White House and the Congress may be the greatest danger in his last two years. But the Presidential campaign of 1988 has already started, and this

time we're going to have to think, not merely about an amiable candidate who will tell us what we want to hear, but one who will tell us the hard truth and make us think not about his personality but about his policies.

In a way, Ronald Reagan was more candid than his recent predecessors in the White House. He didn't pretend like Fessers. Carter, Nixon and Johnson that he could master all the mysteries of foreign and economic policy.

He delegated authority to his appointees in the Cabinet and the White House, but chose most of them from his geographic and philosophic cronies who liked him and tended to tell him what he wanted to hear.

In six years he has had five assistants as head of the National Security Council, which lately has been operating as a secret government within the White House, protected by executive privilege beyond the law and beyond review by the Congress.

He did not know what Colonel North was doing in the Executive Office Building across the street or what the colonel was saying to the Iranians or what papers he was shredding when the game was exposed.

Admiral Poin-dexter, who was on the bridge at the time, merely had some notion of what was going on with Colonel North below deck, but he didn't find out and we still don't know who got the dough.

Also in Donald Regan we have a chief of staff running what he calls a "shovel brigade" to clean up the mess, and a brigade of publicity manipulators and speech writers producing copy for the invisible Teleprompters, and a Cabinet giving different explanations of what it's all about on the Sunday morning television news shows.

In short, with the best intentions and the worst operations, this Administration has been trying to be too shrewd, too clever and too calculating with too little help from experienced men and women at a time when the people need to know what must be done for the security of their children.

The mistakes and the fiasco of the Iranian-Nicaraguan caper — all still denied here by the Administration — are not all that important in themselves. The fate of the nation does not hang on any of them. But upon trust in the Government and the integrity of its word much depends. And this is what has been lost in recent months and must be restored if the next two years are not to defeat all the President's hopes.

The Iran affair is symbolic

IN THE NATION | Tom Wicker

Colonel North Lives

Whoever its originators, the trick of using secret arms sales to Iran to finance secretly the rebels in Nicaragua seems to have backfired against President Reagan's desire to overthrow the Sandinista Government. But if that's so, might not Mr. Reagan be goaded into even more dangerous action in Central America?

Those who believe in the dire, domino-like threat of Communist expansion that the President says the Sandinistas pose will no doubt continue to believe it. Clearly, however, and for good reasons, Mr. Reagan can have little further hope of supporting the so-called contras with appropriated funds.

In the first place, the secret, probably illegal and certainly distasteful Iran-to-Nicaragua scheme has placed aid to the contras in an even more unfavorable light — and the light was bad enough before. So bad, in fact, that the \$100 million now flowing to the contras passed the House, after first being defeated, by only 221 to 209, and the Senate by only 57 to 43. The 1986 elections had strengthened opposition in the Senate even before Colonel North's machinations were disclosed.

Worse, that disclosure has damaged President Reagan's political command, which was more important than anything else in moving contra aid through the Democratic House. And that he either participated in, or did not know, what his own National Security Council was doing has lowered his personal prestige.

"The contras are on their own," said Representative Dave McCurdy of Oklahoma, who had backed the President's request for the \$100 million. "The power of the President, the personality of the President, is not going to carry the day for them again."

Worst of all, the secret Iran-to-Nicaragua funds, enabled the White House, in effect, to circumvent the Congressional power of the purse; the money was transferred at a time when Congress had strictly limited the provision of such aid. As Richard Neustadt, the Presidential scholar, noted the other day, Congress's ultimate power is to provide or withhold funds; when a President flouts that power, Congress will rarely forgive or forget.

So, said David Durenberger, the outgoing chairman of the Senate Intelligence Committee, it will be "a

cold day in Congress" before money is again approved for the contras. But as frequently argued in this space, to Ronald Reagan, the Sandinista Government seems clearly "the bone in his throat." He has waged unrelenting, albeit undeclared, war against them, as again evidenced by the secret funding. He has said he wants them to cry "Uncle," conceded that his aims would require a change of government in Managua, and touted as "freedom fighters" a rebel organization that makes no secret of its desire to take power.

Mr. Reagan, moreover, can hardly retreat now from his long-held position that the Sandinistas are not only a regional menace but a threat to U.S. national security. It's hard to conceive of his leaving office in 1989 with the Sandinistas securely in place.

That's why the denial of further aid to the contras may heighten the possibility that the President will use U.S. troops in Nicaragua. A pretext of defending Costa Rica or Honduras could be arranged easily, and the necessary incidents staged. No doubt a quick initial victory could be had, though long and bloody guerrilla war surely would follow.

Nicaragua's nervous neighbors — excluding Mexico — might even at first support such an intervention, as preferable to the long and indecisive contra war inevitably spilling over their borders. And since a President's ultimate power is as Commander in Chief of the armed forces, Congress rarely interferes with it; witness Mr. Reagan's virtually unchallenged use of the Marines in Lebanon, and the celebration of his invasion of Grenada without a Congressional vote.

Even though polls suggest that the American people now are opposed to the use of U.S. troops in Nicaragua, that could quickly change. Patriotic support for the armed forces and for "American boys under fire," together with the euphoria that might follow a quick defeat for the Sandinistas, could even give Mr. Reagan a public triumph — what he would call, and many would believe, a "victory for freedom." And with the 1988 election just ahead, a Democratic Congress might be reluctant to challenge the Republican Commander in Chief who could announce such a victory.

Far-fetched? So was the arms-and-money deal with Iran and the contras. And whatever his name, in this Administration, Colonel North lives.

Naive President, Machiavellian Iran

By Mansour Farhang

BENNINGTON, Vt. — Of all the errors and mistaken judgments that contributed to the current crisis in the White House, among the most foolish was the Administration's belief that it was dealing with Iranian "moderates."

It is incredible how easily President Reagan fell into the trap set by Iran's fundamentalist rulers. The claim that arms shipments to the Islamic republic could help some imagined "moderates" or facilitate a settlement of the Iran-Iraq war betrays incomprehensible ignorance and naivete about the character of the ayatollahs' theocracy. Even more incredible is the suggestion that Ayatollah Ruhollah Khomeini had less than total control over the transaction.

In dealing with Iran's clerical leaders, America faces a group of self-righteous men who play hard-core Machiavellian politics. In early 1981, when Ayatollah Khomeini was first informed that Israel was involved in Iran's military purchases on the black market, he asked whether the actual salesmen were Israelis. "No," said the informer, "they are British and Italians." The Ayatollah replied: "Well, then, we are not obligated to inquire where they get the merchandise." The Ayatollah was clearly willing to use any means to achieve his ends — and, in this case, was hoping to take advantage of even his enemy Israel in his fight against Iraq.

The Shiite clergy represent the only enduring social and professional group in the history of Iran. Some of the region's most colorful connoisseurs of intrigue have emerged from among their ranks, and they have been influencing the behavior of kings for centuries. Even the founder of the Pahlavi dynasty, Reza Khan, needed their assistance to ascend the throne in 1925.

Yet until 1979 no observers of Iranian affairs perceived the Shiite clerics as potential inheritors of state power. The secular participants in the revolution against the Shah failed to take their fundamentalist allies seriously until the clergy had seized power and they — men like Mehdi Bazargan and Abolhassan Bani-Sadr — found themselves in exile, prison or before the firing squads.

President Reagan is correct to regard the Iranian revolution as "a fact of history." But if he really wants good relations with the Islamic re-

public, then why does he proclaim his desire "to find an avenue to get Iran back where it once was and that is in the family of democratic nations?" First of all, pre-revolutionary Iran was hardly "in the family of democratic nations." Second, for better or worse, the fundamentalists have so radically transformed the Iranian state and society that any thought of return to where the country once was is an uninformal fantasy.

True, the rulers of the republic seem to want to change its renegade status, but it is hard to imagine they want it enough to renounce expansionist ambitions. They certainly will not negotiate with President Saddam Hussein of Iraq — not even if it would gain them greater international con-

tacts and acceptability. Nor are improved relations with America on Iran's foreign policy agenda, however logical such a move might be for the truly nonaligned Islamic republic.

Of course, normal ties between Iran and America will be re-established eventually. But the only thing Washington can do to expedite this is to acknowledge and accept the new reality in Iran and be open to expand nonmilitary trade when the Islamic republic wishes to do so.

Certainly, given the paranoia of Iran's fundamentalist rulers and the way they use anti-Americanism as a weapon against their domestic critics, it is improbable that reconciliation between the two countries could begin with American initiatives. In fact, the more anxiously Washington seems to want direct contact with Tehran, the more resentful and distrustful the Iranian rulers will surely become.

Even when Ayatollah Khomeini's successors gradually get ready to open a political dialogue with the United States, Washington should require them to conduct such relations in an open and public manner — lest the United States again fall prey to the Iranian clerics' Machiavellian and changeable negotiating style. And until then, the White House and the State Department are well advised to maintain a low profile toward the Islamic republic.

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A 6th Presidency Is Facing Failure

1. A Bipartisan Rescue Is Necessary

By Allen Weinstein

WASHINGTON — Both as campaigner and as President, Ronald Reagan has reminded us often of the words of the New England Puritan leader John Winthrop: we are "as a City set upon a hill, in the open view of all the earth; the eyes of the world are upon us."

Those watching the Presidency over the past quarter century have seen a dismal spectacle: John F. Kennedy assassinated; Lyndon B. Johnson removing himself from contention after one term; Richard M. Nixon leaving in disgrace; Gerald R. Ford, an unelected incumbent, rejected by the voters; and Jimmy Carter soundly rebuffed in his re-election bid. All in all, not quite the saga of a "banana republic" but hardly a textbook model of stability.

If Americans have agreed on anything since 1981, it has been the need to distance ourselves from this gruesome record by demonstrating — as much to our own people as to the world — that our political system can still produce a relatively successful Presidency. Now, because of Presidential neglect and the reckless acts of subordinates, even that modest hope has been imperiled. Another failed Presidency looms, the sixth in a quarter century.

The likely implosion of the Presidency would compound the basic dilemma of America's credibility in a dangerous world. A bipartisan rescue operation can still be mounted, but only on two conditions. The first is that the fabric of improprieties and possible illegalities related to the Iran arms sales and contra funding diversion are thoroughly dealt with. The second — a large assumption — is that no "other shoe" hits the ground, deepening the scandal.

How best, then, to punish the culprits without further injuring the national interest? One such interest surely is to demonstrate the resilience and self-corrective capability of our political system. How better to demonstrate both than by a sober effort involving the bipartisan leadership of Congress, the media and (if only vicariously) the public to rescue the Administration from its own near-fatal flaws?

To achieve this, we will need a judicious mixture of executive personnel changes, Congressional investigations and an improved relationship

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2. The Origins Of the Problem

By Max Holland

WASHINGTON — A few things are now clear about the Iranian debacle. We know that the National Security Council was transformed into the President's personal instrument for the conduct of foreign policy. We know that up to \$30 million in Iranian payments for American arms was secretly diverted to rebel forces in Nicaragua. And there is hard evidence to suggest that well before the secret deal with Iran, the N.S.C., through the now resigned Lieut. Col. Oliver L. North, was aiding and advising contra forces even though Congress had prohibited such assistance.

But if Congress is intent on re-establishing a constitutional balance with the executive branch over foreign policy, it has to recognize the origins of the problem. It did not first occur over Iran, and it would be a mistake to trace it only as far back as Nicaragua. Nor is it a personnel problem, reflecting changes in style and attitude that occurred when the first term chief of staff James A. Baker 3d switched jobs with Donald T. Regan in 1985. Last, it is not just symptomatic of the excesses of an Administration re-elected by a landslide.

The controversy has its origins in the Administration's first 100 days. It represents the inexorable working out of a frame of mind that has dominated the President's thinking since his first days in office. Mr. Reagan and his oldest, closest advisers had a profound mistrust not only of the bipartisan foreign policy of the past 25 years but of the people and the bureaucracies who carried it out. Every President has the prerogative of populating the bureaucracy with loyal people. But Mr. Reagan's team went much further.

They instructed political appointees to circumvent the usual State Department channels whenever they wanted to communicate something of great importance to the White House. Moreover, they nominated more political appointees than ever to overseas diplomatic posts. These actions put a new light on two of the enduring foreign policy puzzles of the Reagan years — for example, twists and turns in United States policy toward

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between the two branches. Only these can help restore public confidence and credibility during the final two years of Mr. Reagan's second term.

"A President either is constantly on top of events," Harry S. Truman wrote, "or, if he hesitates, events will soon be on top of him. I never felt that I could let up for a single moment." Nor can Mr. Reagan at this fateful moment. He and his advisers deceive themselves if they believe that a few token resignations will close the credibility gap. Belatedly, he will have to cultivate the trust of the new Democratic Congressional leaders and their Republican counterparts.

Only by establishing the sort of working relationship that Dwight D. Eisenhower enjoyed with Democratic Congressional leaders during the waning years of his Presidency can Mr. Reagan begin a painful journey back from the abyss. This will require above-board dealings and far more detailed communication with Congress than in the past. This process will test the leadership abilities of all concerned, and Democrats would have even more to gain in 1988 than do Republicans from the elector-

Domestic and foreign faith in our political system is at stake

ate's perception that they have responded as patriots and not partisans.

Rarely has the twilight of an American Presidency been placid either for the chief executive or for the country. During the comparable period in Woodrow Wilson's Presidency, 1919 to 1921, Mr. Wilson's physical incapacity left the Government dangerously rudderless. Franklin D. Roosevelt and Mr. Eisenhower were also palpably weakened, physically and politically, as their Presidencies drew to a close. Can Mr. Reagan avert similar strain and the mounting pressures of an outraged citizenry as he nears the finish line?

Today's crisis and any new revelations of covert chicanery will not make the task of measured response any easier. Nevertheless, Americans must learn to believe again, both as simple fact and as indestructible myth, in the stability of their political system. It falls now upon both Administration and Congressional leadership to snatch the prospect of responsible government from the jaws of scandal. We need not tolerate another failed Presidency, especially not one that coincides with the 200th anniversary of the Constitution.

Grenada. They also put the Iran debacle in a new perspective.

Earlier this year, a former Reagan appointee revealed that he held secret talks, from 1981 to 1983, with the late Prime Minister Maurice Bishop of Grenada. While the State Department's policy was to isolate Mr. Bishop's regime, this political appointee, who had no prior diplomatic experience, believed a *modus vivendi* could be reached. He encouraged Mr. Bishop to announce political reforms — which Mr. Bishop did, sending a letter to President Reagan in the spring of 1983 in which he promised to call elections and offered to discuss other American concerns.

In June, Prime Minister Bishop suddenly turned up in Washington, seeking an audience with the President. His effort failed, because Mr. Reagan, on the advice of the State and Defense Departments, refused to receive him. United States pressure on Grenada only increased. But in fact there was nearly a startling turnabout in American policy.

Then there is the curious matter of William Wilson, Vatican envoy. Mr. Wilson, an oil man and longtime Reagan crony, visited Col. Muammar el-Qaddafi in January just days after the airport attacks on travelers in Rome and Vienna. Mr. Wilson's aim was to reduce tensions, but when news of the meeting was leaked Secretary of State George P. Shultz reprimanded him for acting contrary to official policy. Mr. Wilson insisted that he had been given blanket authority by the White House to carry out such missions at his own discretion and that he had never acted without the knowledge of the White House.

Neither affair carried the impact of the secret negotiations over Iran but they are cut from the same cloth. The White House carried out its own foreign policy on some of the most sensitive issues, trusting political loyalists more than the entire foreign policy bureaucracy, even when these secret policies were totally at odds with official policy. It poses the question, What is American policy and who speaks for it?

Loyalty to the President and the desire to overcome obstacles are fine, but if those qualities are not tempered by the often scorned bureaucracies, the result is all too likely to be a bad policy or an illicit one. In the long run, the risk is too high that policies run from the White House basement will become a shambles. The lessons from this affair are not merely procedural. They also raise doubts about the substance of Mr. Reagan's policies. How wise can a policy be if it flouts international and domestic law, the Congress and the foreign policy apparatus? □

Redford Takes to the Beanfield

By PETER APPLEBOME

TRUCKAS, N.M. It is about 10:30 on a Friday morning, and Robert Redford walks through a gaggle of technicians and saunters alone across an open field under a mountain sky that's so blue it almost sears your eyes. He walks about 30 yards, hands in his pockets, lost in thought, and then suddenly turns and peers at the scene in front of him like a painter inspecting a half-finished canvas.

What he sees is this: a scraggly green field of pinto beans, a bright yellow Caterpillar bulldozer, a tumbling adobe hut and a gentle slope leading to a two-lane mountain road. It's a scene of utter normalcy and great resonance, both a lowly mountain beanfield and a lovely snapshot of the Hispanic culture of the northern New Mexico hills. Mr. Redford stands and looks for a few moments, as if both framing a camera shot and trying to coax as much meaning from the scene as possible, then turns

again, tucks his hands back in his pockets and walks back toward the waiting film crew. It's time for the day's filming to begin.

It has been six years since Mr. Redford made a spectacular directorial debut with "Ordinary People," which won four Academy Awards, including Best Picture and Best Director. Now he's trying again with "The Milagro Beanfield War," a venture that seems as elusive and open-ended as his beanfield meditation.

Based on the book by the New Mexico author John Nichols, "The Milagro Beanfield War" is not exactly standard Hollywood fare. Mr. Nichols' book, part fiction, part fable, part political allegory, is the story of the poor Hispanic town of Milagro, which finds itself pitted against a wealthy developer when a 35-year-old handyman named Joe Mondragon decides to irrigate his beanfield with water whose rights he doesn't own.

The film's cast ranges from a Panamanian salsa star to a 74-year-old Mexican actor who has never acted in the United States to a

sprightly Hollywood pig named Sugar. And besides Mr. Redford's involvement, the production is being closely watched because it is the first big-budget Hollywood movie centering on Hispanic culture featuring a largely Hispanic cast. Mr. Redford is co-producing the film, scheduled for release next September, with Motesuma Esparza, best known for "The Ballad of Gregorio Cortez."

The project's antecedents, such as they are, owe more to Gabriel Garcia Marquez's "One Hundred Years of Solitude" and the gritty 1954 film "Salt of the Earth," a story about a New Mexico miners' strike, than anything coming out of Hollywood these days.

"It certainly doesn't have any of the elements that studios look for in the kind of movies people like to make these days," said David S. Ward, who wrote the film's screenplay and whose past credits include the script for "The Sting," the 1973 film starring Mr. Redford and Paul Newman. "It's not a music video film. Most of the characters are His-

panic. It's not a big action film. It doesn't really have young stars. It doesn't have a lot of sex. But then again you look at 'Ordinary People,' and it didn't have a lot of those elements either. Bob pretty much has his own compass, and you have to have faith that if a movie is good it will find some kind of an audience."

Adds Mr. Nichols, whose book is much revered in New Mexico and on college campuses but relatively little-known elsewhere: "If I were Robert Redford, I don't know if this is what I'd choose for my second directorial project. It's almost like part of the exhilaration for him is daring himself to fall flat on his face. I've got nothing but admiration for his chutzpah."

Chutzpah notwithstanding, the film's problems thus far have gone well beyond its unconventional subject matter. It took years and several writers before Mr. Nichols's 630-page novel was pared down to a 120-page script. Filming began in early August without a finished script or a full cast and was scheduled to end in late October. But technical problems, the ever-changing Georgia O'Keeffe skies of the Sangre de Cristo Mountains and the wild climatic shifts, which included periodic snows since early September, pushed the film well past its original deadline and \$10 million budget. Filming did not end until last week.

Beyond that, art has imitated life to an uncomfortable degree during the filming. The shooting staggered from the start when a few residents of the New Mexico town of Chimayo, the original setting, decided in a show of obstinacy worthy of Joe Mondragon that Mr. Redford was not offering them enough money for locations and told him to go elsewhere.

More painfully, Mr. Redford found himself embroiled in a legal controversy when the producer Larry Cano, whose credits include "Silkwood," filed suit with two associates against Mr. Redford, Mr. Esparza and Mr. Ward in October. The suit claimed "Milagro" is based on the life of the New Mexico Chicano activist Reies Tijerina, who sold the rights to his life story to Mr. Cano for a film to be called "King Tiger." Mr. Cano claims that project has been shelved because "Milagro" is being filmed.

The "Milagro" film makers and Mr. Nichols, who was not named in the suit even though his book formed the basis for the film, deny the charges. Mr. Redford dismisses the suit as "ridiculous," and says it is a publicity gimmick and routine film-industry skirmishing.

But he admits that the climatic, legal and technical storms swirling around the production have provided

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an odd analogue to the fictional Milagro. "The film making has been very much like the town, the eccentricity, the impossibility, the unpredictability, the kind of mystical forces weighing on the production," he said. "It's kind of been like a Pirandello play."

Mr. Redford, who has become a familiar sight to local residents as he traverses the mountains in a silver Porsche, does not seem overly daunted by the project's problems or its shortage of conventional Hollywood sex appeal.

"I've always made movies I wanted to make," said Mr. Redford, who this year turned 50 with few apparent bows to the physical aspects of the aging process. "When I made 'Downhill Racer,' people said, 'Who wants to see a film about a skier?' Well, to me it was a movie about athletics in America, and the idea that in athletics winning was everything; it wasn't how you played the game or some kind of Boy Scout code I had been raised with that didn't apply to anything except thin air. When I made 'The Candidate,' everyone said politics is a dead issue in film. 'Jeremiah Johnson' — I remember being told, I can't sell it because it doesn't fit into any category. It's not really a western. Even 'All the President's Men,' the party line on that was no one cares about the press. If you listen to that you don't make the movie."

"There's enough formula having to do with film because the stakes are so attractive, the rewards are so distorted, that people want to go for it. I think too many people calculate what they should do rather than doing what they feel."

Mr. Redford said he first became interested in the Nichols book when he read it a decade ago while filming "All the President's Men." He considered it for his first picture as a director but made "Ordinary People" first and spent several years on other projects before coming back to it. He is doing it as a joint venture with Mr. Esparza, who bought the book's rights in 1979.

The book combines a rich, teeming cast of often outlandish characters, affection for the folklore and tri-cultural life of the Spanish, Mexican and Indian world of northern New Mexico, and Mr. Nichols's left-wing political sensibilities. To him the book is both a political tract and a paean to

the resilience of the Hispanic working-class culture he's lived within since 1968. "The reason to get the film made," he said, "is to create something that overcomes the reactionary shibboleths of the culture and the film industry."

To Mr. Redford, the book is less about politics than culture, and he has emphasized the humor, humanity and mystical elements of Mr. Nichols's book and how the world he depicts is imperiled by developers. "I'm more interested in the cultural and historical elements and how they're threatened," Mr. Redford said.

"To me, it's not a book about class struggle. It's bigger than that. It's a piece of history played out against a problem that is endemic to any culture, the threat of extinction. When you put dollars in contest with tradition it's a pretty tough battle, and in this day and age, tradition seems to be losing."

To create that world, Mr. Redford has assembled an unconventional cast in which 11 performers will get equal billing. And he has set them down amid the dazzling New Mexico landscape, which itself becomes a major player in the film.

The most recognizable cast member is probably Christopher Walken, best known for his role in "The Deer Hunter." Others range from Ruben Blades, the popular salsa singer-songwriter and the Brazilian Sonia Braga, best known for her role in "Kiss of the Spider Woman," to less-known Hispanic performers such as Chick Vennera, who plays Joe Mondragon, Julie Carmen, a beautiful young actress who plays Joe's wife, and Carlos Riquelme, a 74-year-old Mexican actor who has been an actor in Mexico for 50 years but has never before filmed in the United States.

The ensemble casting mirrors Mr. Nichols's richly peopled town of Milagro. "Movies are usually like a monarchy," said Ms. Braga. "You have the king and the queen and then the court. Here, there's no king and no queen. The project is the focus. The story is the focus, which is the way it should be."

Mr. Blades, who holds a master's degree in law from Harvard, said the main appeal of the project for him is the opportunity to play Hispanic roles that don't revolve around ethnic stereotypes.

A Son Writes About His Blacklisted Father

By MERVYN ROTHSTEIN

When Conrad Bromberg was a teen-ager, his father, the Hollywood actor J. Edward Bromberg, was blacklisted. Unable to find a job in films, the elder Mr. Bromberg moved his family from their 15-room house in Beverly Hills back to New York, where he had worked in the theater. Two years later, at age 47, he died of heart disease. Now the younger Mr. Bromberg, a playwright, television and film writer and former actor, has written a play about his father, and about the effect the blacklist had on his family.

"On its own, the blacklist is not an important event in American history, and certainly not in world history," Mr. Bromberg says, seated at a table at the Ensemble Studio Theater, where his play, "Dream of a Blacklisted Actor," opens Saturday night. "But the blacklist as a reflection of what it meant to the immigrant dream of middle-class success in America was devastating."

"The meaning of the blacklist and the reason people pick up their ears to it," he says, "is, I think, that it is the best experience in American history to date of how to silence the middle class. To silence people, or to punish them for political associations, you don't put them in jail, you don't kill them. What you do is you attack the very thing they have striven all their lives to achieve — a successful career."

"It's the nightmare of middle-class people. The play is the personal side of the nightmare, the what-if — what would happen to you and your family if all of your props in the external world were removed from you and you were simply left to each other. That's in effect what did happen in real life, and it's what happens in the play."

Mr. Bromberg has been writing this play for a long time — since the 1960's. A first version was performed in a workshop in the ANTA matinee series in 1969, and a completely revised version was done, also in a workshop, in 1975 at the Ensemble



J. Edward Bromberg, right, John Garfield, center, and Paul McGrath in "The Big Knife" (1949), by Clifford Odets.

I just came back from Los Angeles, where we videotaped some interviews with children of blacklisted people — the interviews will be shown in the theater lobby as people enter to see the play — "and one of the recurring themes (and it was certainly true in my case) is that whatever was going on in one's personal life was chilled in time and held in abeyance for the period of the blacklist."

"Suddenly you were in the midst of this battle with unseen forces, and the family rallied, so whatever was going on between particular family members was just sort of stopped freeze-frame. And that was exactly what happened with my father and me. But the problem was that my father died, so I never got to do anything. So I did it in some of the first versions of the play — I really confronted my father. And it's still there in the play, but now I can also see the father from the position of the father."

The character of the father, Mr. Bromberg says, is really a composite — part his father, part Edward G. Robinson and part John Garfield.

that was it. "And then he sat around for two years trying to get work. And all the time, in those last two years in New York, even though he was blacklisted he had never appeared before the Congressional committee to testify — he had been blacklisted based on being named by others, but he had never made an appearance. He had a doctor's note because he had a heart condition. The note said it would be detrimental to his health to appear."

"But then he got into a play in Ann Arbor, Mich., and they said that if he was well enough to perform he was well enough to testify. They finally reinstituted the subpoena and enforced it and found him and he appeared in June of 1951, taking the Fifth Amendment and refusing to name names. He died six months later. In London, where he finally got into a play, 'The Biggest Thief in Town,' by Dalton Trumbo — who was also blacklisted — and was having a very successful run."

"I supported him at the time, and I certainly support him now," Mr. Bromberg says, "though I'm not sure what his deep reasons were. I think they were a mixture of political and personal. I've often thought about what I would do in the same situation, and I never really thought about doing anything but opposing a committee set up to do what the House Un-American Activities Committee was in fact doing. I could never look my father in the face if I did less than he did."

The blacklist, Mr. Bromberg says, was "a murderous assault that devastated my family. Not that the preconditions for devastation weren't there before, because they were — and that's one of the things the play is about."

"I don't say the blacklist killed my father," Mr. Bromberg says, "but it contributed. A whole life of living, I think, killed my father. When he was a kid and you got rheumatic fever, they didn't have penicillin, and you ended up with heart murmurs. So you can't make a case, but the case I can make is it certainly got a lot worse with all the tensions and anxiety."

The family in the play, Mr. Bromberg says, is a very extreme dramatic extension of his own family. "It's that period," he says, "as dreamed by me playing this combination of John Garfield and J. Edward Bromberg. It's as it was experienced inside my head and my heart, not as it happened out there day to day, although some of the things did happen. That's why it was so difficult, why it took such a long time. Because something that happens to you in your formative years that is so dramatic and so life-changing happens in a lot of internal chaos, internal confusion, internal sense of really just trying to hold things together. So it's not like at the age of 20 I came out of it and said, 'Oh, I understand that period.'"

"It took years to clarify what my father's dream had been, and who were the players, and what part belonged to politics and what part belonged to the family and what part belonged to me. Do you just want to tell what happened or do you really want to explore the nature, the essence of that experience? And that's what I wanted to do, and that's why it's taken this long to do it."

His father did one play, Mr. Bromberg says — "The Big Knife," by Clifford Odets — which had a short run. Then he did another, by Elmer Rice, which had an even shorter run. And

'I don't say the blacklist killed my father,' says Conrad Bromberg, 'but it contributed.'

Studio Theater, with which Mr. Bromberg has been associated since its inception 15 years ago. The current play, also rewritten, is being given a full production, with Jack Gelber, author of "The Connection," directing. It is not a political tract — it does not deal with the blacklist as a historical event, in the context of its times. Rather, it is a look at how a family — the actor, his wife, his son and his daughter — are torn by domestic tension during the father's period of joblessness.

"The play had started out unconsciously being from the son's point of view," Mr. Bromberg says. "But over the 10 years since 1975, I really began to see it from the father's point of view. It's a very personal play, and it was very difficult to make the transition from son to father, and the play couldn't really work for me until it was from the view of the blacklisted actor himself. It's not like I got smarter or got to be a better writer necessarily, it's just that I started to see people and things in life from a different perspective."

"When I first started working on the play, I was the son. By the time of the '75 production, I was married and had a child, but it wasn't yet reflected in my writing. When I came back to it now, I was the father of a child who is the age of the son in the play, and I'm on the reverse end of the problems between them."

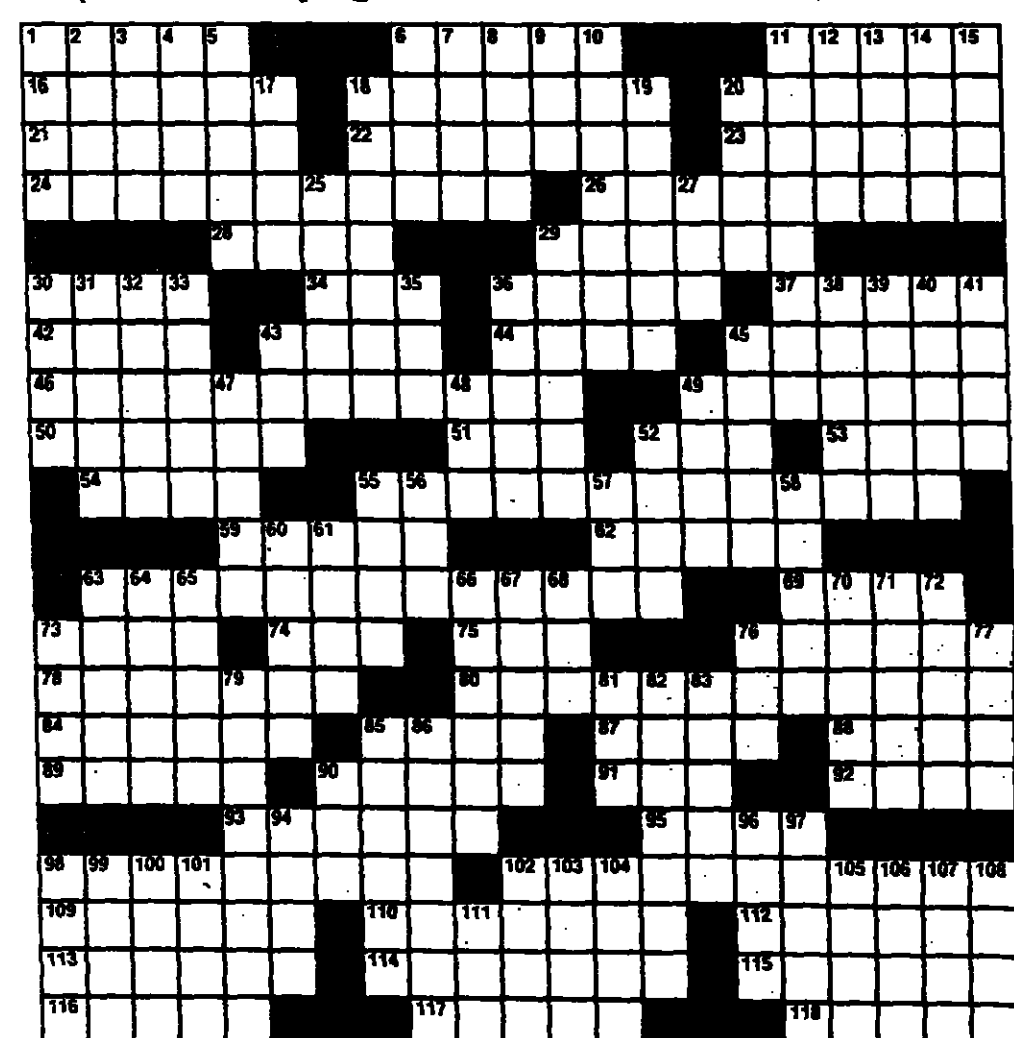
"I have enormous grievances against my father on a personal level," he says, "which I assume most sons have against their fathers."

Then he did another, by Elmer Rice, which had an even shorter run. And

Decimal Descriptions

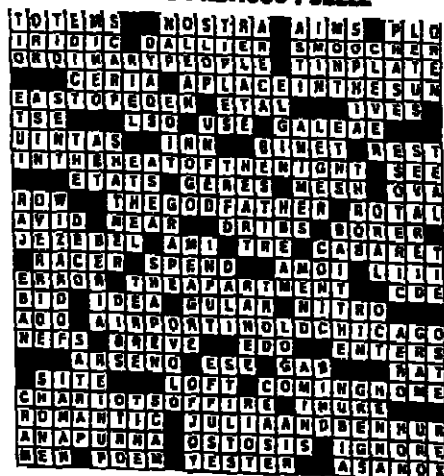
BY HAROLD B. COUNTS/Puzzles Edited by Eugene T. Malieska

- ACROSS**
- 1 "What's in —?"
 - 6 U.S.S.R. republic
 - 11 Corrida beasts
 - 16 Vivienne and George
 - 18 Blankets in Puebla
 - 20 Marabout, e.g.
 - 21 Baseball's Manny
 - 22 Cut into three parts
 - 23 Daze
 - 24 St. Lawrence River feature
 - 26 Ladyfish
 - 28 A pollutant
 - 29 Brownstone features
 - 30 Williwaw
 - 34 Male cat
 - 36 It has wings and flies
 - 37 — couture
 - 42 Doughty
 - 43 Biotite
 - 44 Cast or vice precursor
 - 45 Patroclus's slayer
 - 46 Jingo
 - 49 Bookkeeping term
 - 50 Spuds
 - 51 "I Was the —" Presley hit
 - 52 Nothing but a pound dog
 - 53 Kind of strut
 - 54 "Hedda Gabler" character
 - 55 French plutocrats
 - 59 Topper for Diana
 - 62 Signed
 - 63 Sawbucks
 - 69 Writer Calderon
 - 73 Italian province
 - 74 Unkind word for kind
 - 75 High skyline letters in N.Y.C.
 - 76 J. F. Cooper's "Afloa" and —
 - 78 N.Y. Indians
 - 80 Obsolescent emporia
 - 84 Coined
 - 85 Sonny in "The Godfather"
 - 87 North Sea feeder
 - 88 A blemish
 - 89 Like a back number
 - 90 What cuckolds wear
 - 91 Moslem commander



- 92 Star with a tail
- 93 Old Testament book
- 95 Store sign
- 96 Singles
- 102 Had a perfect record
- 109 Beach house
- 110 Idyllic poem
- 112 Impanels
- 113 On cloud nine
- 114 Breed of sheep
- 115 Salt or sugar
- 116 Flattened a flat
- 117 Jars
- 118 Handles for Hadrian
- 9 Pongo or wou-wou
- 10 Horowitz performance
- 11 Fieldfares
- 12 Algerian city
- 13 Cortex
- 14 Quondam
- 15 Daniel or Isaiah
- 17 Average
- 18 Sea lavender
- 19 Hanger-on
- 20 Discontinue
- 25 Reasoning
- 27 He influenced Baudelaire
- 29 Type of type
- 30 Rack, e.g.
- 31 Corvette's target
- 32 Seventh deadly sin
- 33 Crow's nest
- 35 Anathema
- 36 Pool occupant
- 38 Cotten or Woolley
- 39 Practical
- 40 Blends
- 41 Hence
- 43 "— Dot," Maugham play
- 45 Season goddesses
- 47 A Nereid
- 48 Besides
- 49 — rock
- 52 Swindles
- 53 Asian country
- 54 A propeller
- 57 Lardner's "Say It With —"
- 58 That is: Lat.
- 60 Epic translated by Pope
- 61 "— Well..."
- 63 Ancient region in Asia Minor
- 64 Warnings
- 65 Trifles
- 66 "— Song," Grammy winner in 1973
- 67 Part of a Byzantine church's décor
- 68 100,000 rupees
- 70 TV idiosyncrasy
- 71 Folkways
- 72 "— You Glad You're You?"
- 73 Essay: Abbr.
- 76 Janet or kiang
- 77 This: Sp.
- 78 Intensified
- 81 Greek letter
- 82 Annulled
- 83 Vex
- 85 Plow part
- 86 Sleeve hole
- 90 Offering, in Oahu
- 94 Menhaden's look-alike
- 96 Casca's day to slay
- 97 Subject of a famed 1897 editorial
- 98 Champagne bucket
- 99 Lake in Wales
- 100 Youth who mocked Demeter
- 101 Glut
- 102 Friable clay
- 103 Kanten
- 104 Brewers' vats
- 105 Qum is here
- 106 "Sorry about that!"
- 107 Cooking pot
- 108 Hosea, in the Douay
- 111 Head of tennis

ANSWER TO PREVIOUS PUZZLE



On the cool side

Gardener's Corner/Walter Frankl

WHILE MOST people classify plants as belonging indoors or out, the distinction is in our minds, and nature may allow us more leeway than we realize.

My last column (November 17) described *Polypodium aureum*, an exotic fern that is also known as harem's foot for the shape and look of its root-like stems. For lack of light in my flat, four weeks ago I placed this funny plant on my open balcony, where it is thriving, despite low temperatures at night.

We will continue our discussion of house plants from last week with one that likes simulation of the weather outdoors.

Cyclamen persicum (racketed *tarbut* in Hebrew), like azalea, likes a cool place. Beautifully flowering cyclamens bend down and fade quickly, and their lovely foliage turns yellow, if they are kept in a heated room. Placing the plant next to a window, where it is generally cooler, can avoid premature death. When you buy a cyclamen from a florist or get one as a present, it may have only five or six flowers showing. But a peek into the heart of the plant will reveal dozens of tiny flower buds. They will all come, one by one, if you provide a sunny window (no direct sun!) and lots of water. Never wet the crown of the plant - always be careful at the edge of the pot. Fertilize with a general fertilizer every two weeks. After the end of blooming, stop watering gradually. Let the plant rest in a cool and dry place for about four weeks. Then remove dead leaves and faded flowers and report the corn in a larger pot. Renewal of the old corn is not always successful, and the best means of propagation is by seed.

There are many species of cyclamen, which vary in colour and shape. The botanical name derives from the Greek "kyklos" (circle), alluding to the corn's shape. For Israel it is interesting to know that the many wonderful cultivated species derive from the wild-growing plant found near Nazareth by German gardening expert Kurt Vogler about 300 years ago. Pliny (23-79 BCE) mentioned the "cyclamenus," and the French botanist Tournefort introduced the name "cyclamen" in 1700.

Zantedeschia (*Calla aethiopica*, but *kala habashit*) is a common, reliable long-bloomer from South Africa. In Israel it is grown indoors and out. *Calla* can be bought as a corn in summer and potted in very rich soil (no fresh manure!) that should just cover the top of the corn. Regular watering, especially after the appearance of the first leaves, is obligatory. One-half cup of

liquid manure should be given every two weeks.

When callas grow higher, they should be staked. After the removal of faded flowers, water should be withheld gradually to force the plant into dormancy. When all the foliage turns dry and yellow, it should be removed, and the pot with the dry corn stored in a dry place until the end of summer. Then watering and feeding starts again gradually as before. Report in a larger container or every 2-3 years divide the corns and use them for several flower pots.

Calla, generally, blooms in white, but species with yellow or pink flowers are also offered. The *zantedeschia*, which grows in river beds and swamps of the Cape region of South Africa, takes its name from the Italian botanist and physicist Francesco Zantedeschia (1773-1846). The plant belongs to the arum (*araceae*) family and is related to dieffenbachia, philodendron, anthurium and caladium.

Aphelandra squarrosa (same in Hebrew, zebra plant in English) is a highly distinctive plant that hails from Brazil. You may have seen it at a florist shop: an exotic-looking, medium-sized plant with white-veined leaves. It provides an outstanding show even before it blooms. If you buy it, you can look forward to yellow or orange cone-like flowers, with 2 or 3 appearing at the top of the leaves. Don't be too hopeful for your aphelandra, because the fate of nearly all zebra plants is to become leggy and leafless after a couple of weeks. To avoid this, feed the plant regularly - half a teaspoonful of general fertilizer every 10 days - and never allow the soil to dry out, not even for a single day! Spray daily with lukewarm tap water. A mulch of peat over the soil surface will provide the necessary acidity. Reduce watering in winter and remove all faded flowers. Aphelandra can be propagated by stem cuttings in spring or summer. The botanical name comes from the Greek "apeles" (simple), but the care of this plant is not at all simple.

Araucaria excelsa (*araucaria kipa-har*, Norfolk Island pine). This highly esteemed evergreen resembles a small Christmas tree. It is stiff-branched and symmetrical in form. Araucaria can be grown also outdoors if set in a wind-protected spot and can reach a height of several metres. Two very high araucarias, I recall, grew for more than 20 years at the entrance of the French Hospital in East Jerusalem, which proves that this plant can withstand frost and snow. Araucarias in small and medium-

sized pots make lovely room decorations. When still small (about 30-40 cm. high), they are excellent table decorations. Every 2-3 years, as they grow taller and produce more roots, they should be repotted into bigger containers and can then be used as show-pieces in halls or large rooms with sufficient light.

These evergreens are most easy to grow. Just keep them cool and slightly moist. My araucaria grows on an open balcony. It is 15 years old and has been repotted twice. I feed it in summer with guano or with another general fertilizer once a month (one teaspoonful sprinkled on the soil and worked in before the next watering). From October until March I water only sparingly during rainless spells and give no plantfood at all. Propagation by top-cutting, which is very difficult, is better left to the professionals with greenhouse conditions.

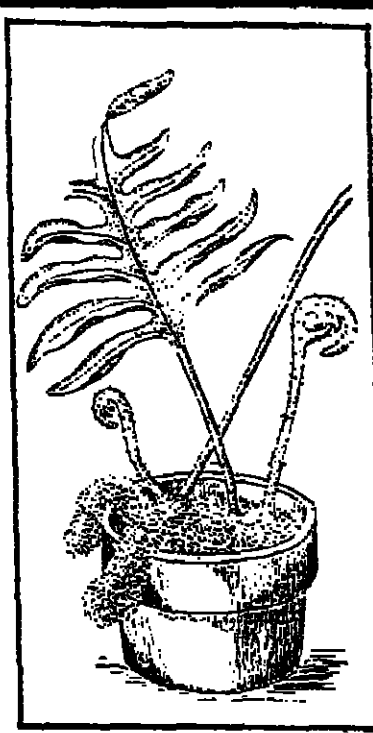
This plant's name derives from the province Arauco in Chile. "Excelsa" means noble. In its native environment araucaria grows 65 metres high. Some araucarias grow wild in Australian forests, but the A. excelsa comes from the Norfolk Islands north-west of New Zealand.

Cissus antarctica (*kangaroo vine*, *kissoson anarkit*) is a quick-growing, evergreen climber for indoor or outdoor decoration. Once I got a single cutting, about 15 cm. long, from a neighbour and potted it outdoors in a small pot. Soon I had to report it in a larger tin; in less than once month it had become nearly a metre long, and its roots had penetrated the drainage hole at the bottom of the pot. Later the plant started to "escape," climbing over my fences and into the neighbour's garden and clinging with tendrils to shrubs, trees and everything else in its way.

The kangaroo vine withstands heat and frost and is ideal for covering fences or walls. This flowerless plant with reddish-brown fleshy leaves that have a rhomboid shape is also suitable for balcony boxes or hanging baskets. It grows well in semi-shade or good light without direct sunshine. It roots easily when grown from cuttings and clings to any support-like screens or trellises.

If you want a bushy growth, just cut the tops of the plants. The *Cissus antarctica* should be kept slightly moist and fed occasionally with a nitrogen-containing fertilizer. The name derives either from Greek "kissos" or Arabic "gissos" - both mean ivy. The first kangaroo vine plants from Australia arrived in Europe in 1790. It was popularly known as "Russian vine" for it had become well-established in Leningrad (then St. Petersburg), and the name still persists today.

Codiaeum variegatum (*kodan megawan*) is better known as *croton*. The plant is native to Java and also grows wild in tropical Australia.



Cyclamen persicum

Splashed with gold, red, white and green, the curious codiaeum foliage gives you many colours on a single plant. Codiaeums come in different sizes, are not costly, but they are not easy to keep growing indefinitely in the home, because they need strong sunshine, high humidity and lime-free water. With frequent sprays, high room temperature (not less than 20°C.), regular liquid manure feedings and watering with peat additions, you might, with a big portion of luck, enjoy this colourful, attractive plant for quite a while. Codiaeum, theoretically, can reach a height of 2½ metres and keep their bright colours. Even though it isn't a long-lasting house plant, you'll enjoy having one around if you regard it as a temporary visitor and discard it when the leaves fall or wilt. In contrast to the cyclamen and the azalea which need coolness, the codiaeum likes warmth. In summer it thrives outdoors in a temperature of 35° or more but it should never have direct sun.

Dieffenbachia picta (dumb cane, *dieffenbachia metzueri*). A popular house plant in Israel, this one is not easy to grow. It is native to Brazil and named after J. Dieffenbach (1796-1863), once the chief gardener of Vienna's botanical gardens. It belongs to the arum family, like the very similar zantedeschia. The leaves show white-green spots or stripes, which make this plant especially decorative.

Dieffenbachia is often in danger during winter because it can't tolerate low temperatures. Cool dry air can cause a drop of lower leaves. So move your dieffenbachia to a protected spot when you open the windows in winter. Water regularly from March to October and very little during the winter. Propagation is by top or stem cuttings in spring.

Wash your hands carefully after taking cuttings, because the leaves are poisonous.

Failing to bridge the quality gap

MUSIC
Eli Karev

THE JERUSALEM SYMPHONY ORCHESTRA, Uri Segal conducting with Michael Boguslavsky, piano (Henry Crown Hall, Jerusalem, November 26). Bach: Suite no. 3 in D major; Mozart: Concerto Rondo for Piano and Orchestra; K. 382; Stravinsky: Capriccio for Piano and Orchestra; Borodin: Symphony no. 2.

WITH the opening performance of its "Purple Series," the Jerusalem Symphony has at last spread out all the colours of its current concert season. As it happened, the music featured in the two halves of the first "purple" affair was separated by a considerably historical and geographical gap. Hardly by design, the gap between the performances before and after the intermission proved similarly wide.

The longer second half, devoted to Russian composers, was a delight throughout. Uri Segal demonstrated an obvious affinity with the broad, epic spirit of the Borodin symphony. His was a grand reading, with just the right balance between mighty drive and mellow songfulness. The few minor mishaps notwithstanding, the orchestra responded with alertness, the slow-movement horn solo brought forward with real distinction.

The sardonic, angular *Capriccio* by Stravinsky received a powerful and technically brilliant reading by the pianist Michael Boguslavsky.

The orchestral suite by Bach, on the other hand, sounded badly under-rehearsed, and the incessantly poor voicing of the piano - for all the tone it produced, the upper-register strings might have been covered with a sheet - turned Boguslavsky's Mozart assignment into a mission impossible.

"The Barber of Seville," opera by Gioacchino Rossini, Tel Aviv Music Association, November 24. Conductor and artistic director: Michel Sassetti; director: Antonio Madan Uria. The cast: Florella - Ren Yamada, Almaviva - Luigi Uria, Figaro - Giorgio Lornia, Rosina - Sarah Ullmann, Bartolo - Romano Franzeschetti, Basilio - Lucetta Ervadia, Figaro - Giovanni Geronzi, Sergeant - Nikolai Arsenov; Hungarian choir.

IN THE 170 years of its stage life, "The Barber of Seville" has seen the world. It was mounted, repeatedly, by the great opera houses; in fact, hardly a company exists anywhere which has not availed itself of Rossini's gem. Which, given the realities of the opera world, means that a majority of presentations took place in provincial playhouses, often limited in artistic and logistic resources yet blessed with solid professional routine and experience. Remarkably, even in such circumstances, the opera's charm and wit survive.

It was a performance of this category - more or less - that a local impresario, Talit Productions, put together for an Israeli run. There were bright spots, to be sure, yet most of the musical and dramatic brilliance contained in this operatic gem never came through.

One such bright spot was the originality and imagination with which Antonello Maclau Diaz, the director, worked around the less-than-hospitable spaces of the Mann Auditorium. Figaro's first entrance out

of the hall also had the desired impact. The stage itself, however, seemed crowded most of the time, and the acting barely extended beyond the barest minimum.

Sarah Dilema took the vocal acrobatics of the Rosina part in her stride. Beyond technical excellence, she also imbued her lines with a warm lyricism. Regrettably, in the lower regions, her pleasant soprano tended to lose its lustre.

As Count Almaviva, Luigi Alva handled the coloratura spectacularly, but his tenor has clearly passed its prime. The resonant baritone of Giorgio Lornia was just the right stuff for Figaro, yet his lukewarm acting spoiled the part.

The tall Giovanni Gusmeroli provided a veritable Mephistophelian presence as Count Basilio; his famous "La calunnia" aria, however, revealed both dramatic and vocal insufficiencies. Romano Franzeschetti handled the part of Bartolo with skill, and Loretta Bravida was a fine Basilio. The body identified as a "Hungarian Choir" took care of the choral assignments.

Michel Sasson, the conductor and artistic director, coordinated between the singers and the local pick-up orchestra. Considering the conditions - the hall has no orchestra pit - he acquitted himself creditably.

But for the names, the richly embellished programme contained no information whatsoever on any of the performers. The only one to be honoured with a photo and a short biography was the writer of the projected Hebrew super-titles (the opera was sung in Italian).

Meeting some Nons

RANDOMALIA/Miriam Arad

TOLSTOY made his famous distinction between happy and unhappy families. With all due respect to the great man, I think families should also be divided into Announcers and Non-announcers, the second of which we'll call Nons for short.

In a household of Announcers, each member keeps informing all the others of his every move. He announces that he's just going to be down for half an hour, or that he is actually going to sleep. He declares that he is going to water the flowers, make a phone call, have a drink, eat an apple, write a letter, throw out

the garbage, skip over to the fellow next door to borrow a hatchet. Announcers may even tell one another when they go to the loo. What is unthinkable among them is that anyone, large or small, should leave the house without saying where he is off to, what for, and when he expects to be back.

Which is why all of them are struck with amazement when they chance to find themselves in a household of Nons, where the unthinkable may and does happen. The phone rings, and the nearest Non picks it up, listens, speaks, goes yes-yes and no-no and h'mm, and replaces the receiver. He does not, as any Announcer would expect, proceed to tell his family who the caller was, let alone what he said, so-I-said, so-be-said. When Announcers receive a call, they don't even wait to hang up, but take the earliest opportunity to place their hand over the mouthpiece and say: "It's Dan. Chap at the office. Wants to know about tomorrow's conference." If Announcers are stunned by the way things are done in a Non household, a Non will be amused, if not slightly contemptuous, at the constant flow of trivial information that passes among Announcers.

Naturally there is also a middle road between these two extremes.

where the norm is to say, "I'm going out" without saying where, and "I'm going to take a shower" without stating specifically whether that includes a shampoo or not, and whether the reason is that one hasn't showered this morning, or won't have time to shower tonight; that one feels filthy after one's day in Tel Aviv; that one intends to put on a clean shirt to go to this bar mitzva, that's why.

Announcers consult each other far more than Nons as well. They ask their family what to wear, and do these earnings go with this blouse. They ask which movie to see, and should they get their hair cut or can it wait another week. Naturally they also discuss weightier matters concerned with their respective jobs, for instance, and, "Should I call to congratulate Aunt Sonia or do you think she prefers to forget her birthday?"

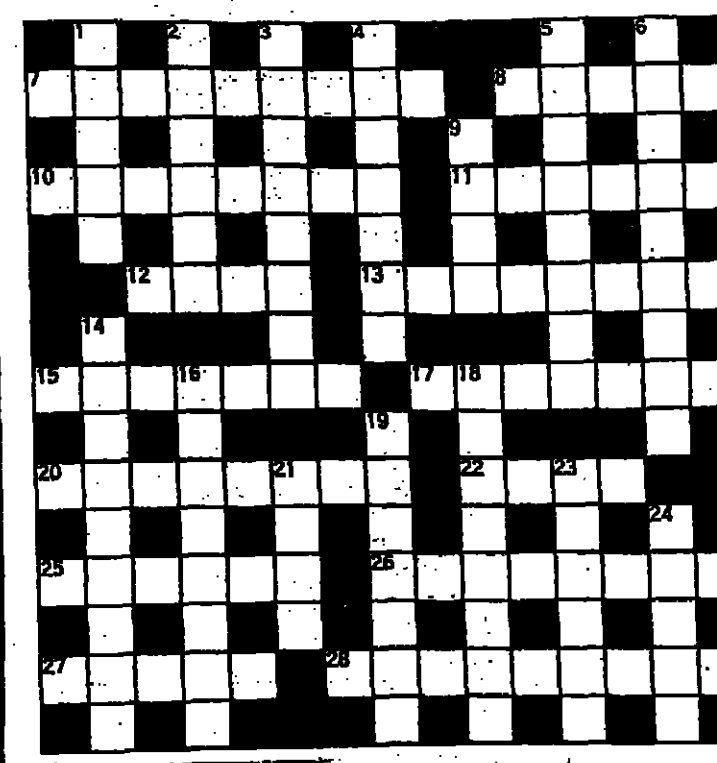
They don't necessarily take one another's advice by any means, since all this announcing and consulting back and forth is, to a large extent, no more than thinking aloud. Hence they are not necessarily more dependent on each other than the members of a Non household either, for though a Non may go about his business without a word, he may care no less than any Announcer about his family's feelings and opinions about him. It's a difference in domestic habits, that's all.

Me, I'm going to finish this piece and make lunch.

ONE-ON-ONE CROSSWORD

- ACROSS
- 7 Hunting on top of the world (2,3,4)
 - 8 An inhuman worker (5)
 - 9 Poor bag on the moors for one who can't take it (3,5)
 - 11 Prospective work for a sapper (6)
 - 12 An Eastern spirit is about (4)
 - 13 Avoid slimming? (3,5)
 - 15 No gentleman has to swear to a body of evidence (7)
 - 17 S-speak to a p-pious m-man (7)
 - 20 Resolute law reform in the beginning (8)
 - 22 X representing O? (4)
 - 23 Non-Thatcherite woman as leader of the flock (6)
 - 26 Snow White's step-mother embarrassed through the looking-glass? (3,5)
 - 27 Excessive interest in making advances (5)
 - 28 Blooming blizzards (3)

- DOWN
- 1 Handy place to fix a hose (2,3)
 - 2 What Diana was and did so it is said (6)
 - 3 Fitting pipes to a fitting (8)
 - 4 Being conched for acting (2,5)
 - 5 Approach tentatively or make a big noise (5,3)
 - 6 Where diggers work and live (4,5)
 - 9 Forget to honour it (4)
 - 14 Timely verbal reminder that the present is more relaxed (4,5)
 - 16 Everybody present is composed (3,5)
 - 18 Lowering order from a dictator (4,4)
 - 19 Keeping two roundabouts at the end of a street (7)
 - 21 They are put on by the affected vocalists (4)
 - 23 Second power block (6)
 - 24 A freezing time? (5)



GENERAL ASSISTANCE

EMERGENCY PHARMACIES

Jerusalem: Mazor, 11 Emek Refaim, 632790; Balaam, Salah Eddin, 272315; Shufat, Shufat Road, 610108; Dar Aldun, Har Hapardes, 292058.
Tel Aviv: Santitas, 83 Ibn Givrol, 246003; Habimah, 17 Dabnoff, 288485.
Netanya: Carmeli, Kiryat Nordau commercial centre, 51774.
Haifa: Yavne, 7 Ibn Sina, 672288.

DUTY HOSPITALS

Jerusalem: Bikur Holim (pediatric), Hadassah Ein Kerem (internal, surgery, orthopedics, E.N.T.), Misgav Ladach (obstetrics), Sheara Zadek (ophthalmology). Tel Aviv: Rikah (pediatrics), Ichilov (internal, surgery). Netanya: Laniado.

POLICE 100

Dial 100 in most parts of the country. In Tel Aviv dial 624444, Kiryat Shmona 4444.

FIRE 102

In emergencies dial 102. Otherwise, number of your local station is in the front of the phone directory.

FIRST AID 101

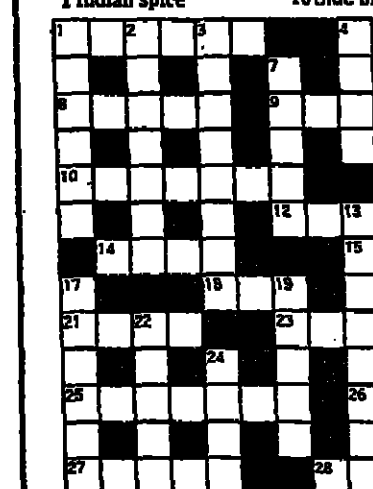
In emergencies dial 101 in most parts of the country. In addition:
Ashdod 41333 Jerusalem 523133
Ashkelon 23333 Kiron 344442
Bat Yam 581111 Kiryat Shmona 44334
Beersheva 74767 Ashdod 52333
Carmiel 988555 Netanya 23333
Dan Region 781111 Patah Tikva 9231111
Eilat 7233 Rehovot 451333
Haifa 22333 Hishon LeZion 942333
Haifa 512233 Safed 30333
Hatzor 38333 Tel Aviv 240111
Holon 803133 Tiberias 80111
Jerusalem 227171, Tel Aviv 281111 (children/young) 03-261133, Haifa 572222, Beersheva 418111, Netanya 35316.
Rape Crisis Centre (24 hours), for help call Tel Aviv, 234815, Jerusalem - 245554, and Haifa 88791.
Jerusalem Institute for Drug Problems, Tel. 663826, 663802, 14 Bethlehem Rd.
The National Poison Control Centre at Rambam Hospital, phone 04329205, for emergency calls 24 hours a day, for information cases of poisoning.
Kupat Holim Information Centre Tel. 03-433300, 433500 Sunday-Thursday, 8 a.m. to 8 p.m. Friday 8 a.m. to 3 p.m.

FLIGHTS

24-Hours Flight Information Service: Call 03-9712484 (multi-line). Airfax Only (Taped Message) 03-381111 (20 lines)

QUICK CROSSWORD

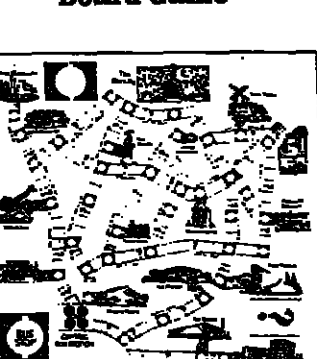
1 Indian spice 4 Hurried 8 French cap 11 Laidy 15 Dancing shoe 18 Side branch



11 Lebanese port 12 Health resort 14 Laidy 15 Dancing shoe 18 Side branch 21 Well ventilated 23 Nuclear pile 25 Turn down 26 Sub-continent 27 Very big 28 Stiffening agent

DOWN
1 Deep blue 2 Deserved 3 Buried 4 Drink habitually 5 Dangerous 6 Stuck between 7 Russian mountain range 13 Bee-keeper 16 Bull fighter 17 Composer 19 Welcome 20 Cup 22 Happen again 24 Line of marchers

Jerusalem Bus Stop Board Game



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Israel Lands Administration

Israel Lands Administration Ministry of Tourism Eilat Shore Development Co. Ltd.
Tender for Lease of Plot for Resort Hotel (up to 3 Stars), Vacation Village or Smaller Hotel in Eilat.
Tender No. 121/86/Bet Shimon

The Israel Lands Administration and Eilat Shore Development Co. Ltd. invite bids for a development contract for land, details of which at the time of publication of the tender, are as follows:

Municipal building plan No.	Plot No.	Approx. area (sq.m.)	Total building % on 2 floors
12/14/03/2	21	9541	60
Minimum price (NIS - not incl. VAT)		Developers' costs (NIS - not incl. VAT)	Deposit (NIS)
475,574		664,512	50,000

* Linked to cost of living index of August 15, 1986, and to be paid separately to the Eilat Shore Development Co. Ltd.

Only Ministry of Tourism recommendees eligible to participate in the tender (recommendation must refer to area size and location).

Tender documents are available for a non-refundable NIS 30 fee during regular working hours at:

a. Israel Lands Administration, Sd. Ben-Zvi (above Yehoshua Hall), Beersheva.
b. Israel Lands Administration, 108/1 Ha'almogim St., Eilat.
c. Eilat Shore Development Co. Ltd., 1 Sd. Yotam, Eilat, Tel. 058-75191.

The final date for submitting applications for Ministry of Tourism recommendations is January 1, 1987, and the final date for submitting tender bids is 12 noon on February 1, 1987. Bids should be placed in the tenders postboxes in the above Beersheva and Eilat Lands Administration offices. Bids not in the postboxes by the above time whatever the reason, will not be considered.

The Israel Lands Administration does not undertake to accept the highest or any other bid.

Israel Lands Administration Givatayim Municipality

Offer for Lease of Plot for Sport Site and Business Centre in Givatayim - Tender No. 105/86/TA

The Israel Lands Administration and the Givatayim Municipality invite bids for a development contract for land, details of which at the time of publication of the tender, are as follows:

Block No.	Parcel No.	Plot No.	Approx. area (sq.m.)
6161	486	22	19,100
Total building %		Minimum price (NIS - not incl. VAT)	Deposit (NIS)
See asterisk below		5,289,870	150,000

* According to Municipal Building Plan Alpeh/281/GV, authorised to take effect on November 12, 1986, the plot is intended as a special sports area (country club). It will be permitted to set up in this area sports buildings, clubs and sport oriented businesses. The total building area will be 15,000 sq.m., of which 4000 sq.m. will be for sports oriented businesses. Total height may not exceed 3 storeys above the ground.

Tender documents are available for a NIS 30 fee (VAT included), to be paid for only by non-refundable bank cheque at the Israel Lands Administration Office, 116 Derech Patah Tikva (Bet Kalka), during regular working hours.

The final date for submitting bids is 12 noon on January 1, 1987. Bids not in the tenders box by the above time whatever the reason, will not be considered. The Israel Lands Administration does not undertake to accept the highest or any other bid.

Two firms show Israeli business how to raise capital and find customers in the U.S.

Going straight to the customer When in the U.S. capital market, do it as the Americans do

By AARON LEIBEL
Jerusalem Post Reporter

The Israeli industrialist who has built his gleaming, better mousetrap still faces that old bugaboo of local producers - marketing. He must find customers - an especially grueling task if the buyers happen to be abroad.

But even if he is not familiar with American or European markets or marketing techniques, he need not despair, say three Western immigrants who have formed a new firm devoted exclusively to helping exporters succeed.

Called MacroSell, the new company is based on direct marketing, a sales technique that until now has not been exploited by local exporters.

"Direct marketing is where the product or the service being sold is offered directly to the consumer," Douglass Greener, one of MacroSell's co-directors told *The Jerusalem Post*.

It differs from other forms of advertising which usually try to stimulate a demand for a product by promoting the company's image or reputation, without immediately selling it.

"If the Coca Cola company were to suddenly include coupons in their newspaper or magazine ads asking readers to send money and receive a bottle of Coke in the mail, then that company would be engaged in direct advertising," Greener says.

MacroSell, Greener explains, gives Israeli firms the tools to market their products. The first such tool is a mailing list of prospective buyers, or retailers, which MacroSell rents from list brokers abroad. The lists can be tailored to comply to the client's specific needs. The composition of the lists is the most important element, he says, for "no matter how imaginative the package, or how attractive the graphics, the campaign will fail if it is mailed to the wrong people."

After helping the client come up with an appropriate marketing strategy and creating the proper mailing list - MacroSell sees to the design, printing and mailing of the envelope and its contents.

Not all exporters benefit from having the letter sent from Israel, Greener says. "Perhaps Bible sellers

or someone selling honey from the Holy Land would need an Israeli stamp on the envelope," he says. But for other local producers trying to sell products, for example, computer software, there is no intrinsic advantage to having direct mail originate from Israel. In those cases, MacroSell offers the service of mailing from the target countries themselves, where the operation is often cheaper and faster.

The idea of using direct mail to find foreign customers for local producers is a new one in this country.

"Most of our potential clients have little or no experience in direct marketing," says Gil Goldfine, another director of the company. "Our first meetings therefore are teaching sessions in which we explain the ABC's of direct marketing. Only then can we show the clients what we can do for them."

The absence of direct mail as a marketing medium in Israel can be traced to both practical and historical factors, Greener contends.

"One reason could be because of the mail system here," he says. "It is so much slower and less reliable than its counterparts in the U.S. and Western Europe. Israel also lacks the historical tradition of buying by mail which has been going on in America for over 100 years," where mail-order was the only way for people living in remote communities to get manufactured goods.

Today, with both parents working in many U.S. and European families, the tradition of buying by mail

has experienced a new wave of popularity. "There simply isn't time to go to the store and shop. That's why buying through catalogues is so popular in the U.S.," says Greener.

Direct marketing, however, is making inroads into the Israeli domestic market, Greener notes. The daily *Ma'ariv* newspaper now has a shopping catalogue once a month from which Israelis can make purchases by telephone with a credit card. He believes that as knowledge of direct marketing spreads among Israeli consumers, its potential will become known to this country's exporters as well, thus indirectly helping his business.

MacroSell has also helped to raise awareness of direct marketing. In publicizing itself, the company relied entirely on a mailing to Israeli businesses. The return rate was a surprisingly high 4 per cent.

"Some entrepreneurs who have had a return rate of 1 or 2 per cent on a mailing have become millionaires," says Greener.

So far, MacroSell has conducted direct mailing campaigns for Dead Sea Moriah Hotel, a Lahav management seminar and the *Rogue's Travel and Cuisine Guide*.

That's a modest beginning for the new firm. But the potential for direct marketing is there, Goldfine insists, especially among small and medium-sized companies. In the past five years, he adds, the number of companies of that size interested in exporting has grown enormously.



A Gotfrex display at Saks Fifth Avenue in New York: Bypassing retailers is another way to crack the American market.

By SIMON LOUISOSS
TEL AVIV. - Two key problems facing many Israeli companies - marketing and raising capital - could be solved through the services of a small New York-based firm.

Gordon H. Wolfe and Co. is a financial public relations firm specializing in representing Israeli companies. A quarter of its 32 clients are Israeli companies listed on the New York, American or over-the-counter exchanges. Excepting the banks, this represents over a third of the listed Israeli companies in the U.S. and among the clients are Scitex Corp. and American Israeli Paper Mills Ltd.

Gordon and Irma Wolfe are the Jewish husband-and-wife team who run the company, and they paid one of their frequent visits to Israel during the recent Israel-America Trade Week conference.

GHW performs most of the usual public relations tasks, such as keeping listed companies in touch with their shareholders, the press and investment analysts. But Gordon Wolfe sees his specialty as preparing Israeli firms for eventual listing on one of the exchanges in the States.

While Israel's capital markets languish for lack of funds, America still remains a rich source of funds for those who know how to tap into it. Over the last 18 months Israeli companies have raised close to \$200 million there.

Gordon Wolfe says that when he first began representing Israeli companies 10 years ago, American investors were not all that "hip" on them. Israeli business had a poor reputation on matters such as reliability,

delivery and pricing to say nothing of the country's and region's political problems. However, high technology changed all that, giving Israeli companies a much more "up-market" image.

Many Israeli companies wanting to raise money in the U.S. have, in typically Israeli fashion, tried to do it themselves and come unstuck in the process, says Wolfe. His company helps clients prepare a professional business plan and then ensure the right people see it. GHW has connections with some of the big name investment firms such as Drexel, Burnham, Lambert; Bear Stearns, and L.F. Rothschild.

Many of the services Wolfe provides are simply a matter of preparing the Israeli firm for the "American way" of doing things. American stock exchanges, for example, require far greater and more frequent financial disclosure than is the norm in Israel. Wolfe advises companies that are only listed on the Tel Aviv Stock Exchange to acquire the more rigorous American practice as soon as possible to establish a track record.

A new area of interest, which Irma Wolfe has been pursuing, is the realm of venture capital.

Companies wishing to raise sums below \$5m. are unlikely to succeed in the U.S. because underwriters are rarely interested in such small issues. However, says Irma Wolfe, venture capital schemes offer far more promise, especially in the high tech area where so much venture capital is drawn. She says the firm is often in touch with investors holding funds in the \$2m-3m. range that they are



Gordon H. Wolfe

looking to invest in Israel. So far she has only succeeded in completing one such deal but she has more in the pipeline.

The services of firms such as GHW do not come cheaply, and that may be the reason why so many Israeli companies try the do-it-yourself approach. However, taking on a firm like GHW may in the long run cut costs, as capital can often be raised at considerably lower expense. It may even mean the difference between the success or failure of an issue.

Irma Wolfe believes her company succeeds with Israeli firms because they do not patronize their clients. The couple say they both greatly admire the managerial and technical skills of Israelis, and believe many companies have an exciting future.

As well as this, Irma quietly admits that "our heart is in our business far more here than for our American clients."

Algeria backs Saudi call for \$18 oil

JEDDA, Saudi Arabia (AP). - Saudi Arabia's call for raising crude oil prices to \$18 a barrel picked up support yesterday from Algeria.

The 13 members of the Organization of Petroleum Exporting Countries are preparing for a crucial conference of their oil ministers December 11 in Geneva.

Algerian Oil Minister Belkacem Nabi told the Saudi newspaper *Okaz* that his country "welcomed" the Saudi oil pricing proposal. He said he was confident the other members of the petroleum cartel would also endorse the proposal.

Algeria, like Iran and Libya, is a so-called hardliner inside Opec and has been urging production restraints to help push up oil prices. However, it was not clear from the interview whether Nabi was urging production restraints.

Jordan cabinet approves \$2.9b. budget for '87

AMMAN (Reuters). - The Jordanian cabinet approved a \$2.9 billion 1987 budget, an increase of 10 per cent over this year, the official news agency Petra reported yesterday.

The budget estimated revenue at \$2.8b. with a deficit of \$115 million to be met through local and foreign loans and better tax collection, Petra said. It said 67 per cent of the revenue would be derived locally and the balance through loans and grants.

The budget, endorsed by the cabinet Saturday night, will be sent to Parliament for approval later this week, Petra said without giving further details.

Japan's surplus threatens world trade

LONDON (Reuters). - Japan's huge trade surpluses and the record U.S. deficits pose a serious threat to the world's free trade system, British Secretary of State for Trade and

Industry Paul Channon said Friday. Channon also warned that there was a mood of "increasing concern" in Britain about its continuing trade deficits with Japan.

Rift opens as France seeks to sell Renault

By PAUL WEBSTER
PARIS. - A French government plan to call in the American economic consultant Booz Allen to investigate the ailing nationalized car company Renault is seen here as the first step towards privatization, probably within the next five to 10 years. But the move has also exposed a growing rift between the right-wing government and the Renault chairman, George Besse, 59, whose promise that Renault's huge deficit will be wiped out by the end of next year has angered the Gaullist External Trade Minister, Michel Noir, who is currently in Israel.

"It's a trick," he told advisers recently. He is apparently worried

Renault has been a political battleground between the left and right since Charles de Gaulle ordered its takeover in 1945

that Besse, who was appointed in 1985 by the Socialist President Francois Mitterrand, is fighting a rearguard battle to keep the car giant under state control by disguising the real state of affairs.

Renault has had to be temporarily excluded from the government list of 65 nationalized industrial groups and banks being sold off to private interests over the next five years. Its present position makes any private bid unlikely as it has accumulated losses of \$4.17 billion since 1981 when a Socialist government was elected. Most of the losses - about \$3.48b. - were made in 1984 and 1985. A further short-fall of about \$930 million is predicted this year.

Even so, the present government, elected in March, is determined to sell the company by 1995 at the latest and uses the collapse of Renault as a strong argument in favour of ending state-control throughout French industry. In 1979-80 Renault was Europe's biggest car manufacturer but went into virtual bankruptcy during the Socialist term in office.

While Socialists say that bad management, rather than ideology, was to blame, Renault has been a political battleground between left and right since Charles de Gaulle ordered its takeover in 1945 because its brilliant founder, Louis Renault collaborated with the Nazis.

The general, who called the car company "my daughter," instituted a special relationship between government and trade unions in which Renault pioneered social changes, including the lowering of retirement age and higher wages for increased productivity. Although Renault was often the centre of fierce conflicts led by the communist Confederation Generale du Travail (CGT), it was also France's most successful exporter up to 1980, even though its privileged workers were paid 17 per cent higher than their rivals at the private Peugeot Group.

From its take-over in 1945 until 1975, Renault had only two chairmen. The second, Pierre Dreyfus, who became industry minister in the Socialist government, reigned through the most prosperous years

from 1955, building up a company whose post-war success grew out of one car, the 4 CV. It was Louis Renault's last design, which went on sale in 1946 and became one of Europe's million-seller cars.

Soon after Dreyfus left the company, Renault confirmed its place as Europe's top manufacturer. By 1980, when his successor, Bernard Vernier-Paliez, was in charge, Renault had a 41 per cent share of the French market (10 percentage points more than Peugeot), employed more than 23,000 workers and produced two million vehicles annually.

Five years later, its French market share was hardly 30 per cent - two points behind the resurgent Peugeot - while Renault's position in Europe was far out-distanced by Fiat and Volkswagen.

With debts of about \$9.27b., Renault started this year with annual debt-servicing costs of about \$930m., half its expected turnover. Government critics have said that if the firm was privately owned, it would have been declared bankrupt.

But with such a major political battle going on in the background, the true financial state of Renault and the reasons for its decline are deliberately confused by rival camps. The decision to open discussions with Booz Allen is in itself an indication that the government wants to make out that Renault is in a terminal crisis as the same consultants were called in to rescue America's Chrysler.

The argument that the Socialists put a brake on modernization needed to save Renault, notably the proposed redundancy of at least 20,000 workers, is countered by accusations that Besse's predecessor as chairman, Bernard Hanon, seriously mismanaged the company. Hanon, who was appointed after Vernier-Paliez was sent to Washington as ambassador in 1981, was largely inspired by U.S.-style strategy that concentrated on expanding Renault's South and North American interests, notably the takeover of American Motors Corp. He was later accused of neglecting management problems in France.

Besse, who spent most of his career in atomic energy management, was called in urgently in 1985, mainly because he was head of the chemical giant Giechney, taken over by the state in 1981. The company was in serious financial trouble at the time, but is now a big profit maker.

Besse, who exudes confidence, dropped his normally secretive style when he took over Renault and regenerated flagging morale by huge advertising campaigns, praising Renault's rigid new management and by meeting the press to insist that total recovery was only months away. Two popular successes, the Renault Super 5 and the Renault 21, are behind a company turn-around that he declares will be complete by the end of next year.

Besse has also gained the approval of trade unions for cutting away loss-making prestige projects such as participation in Formula 1 racing and sponsorship of a Renault bicycle team in the Tour de France. As a result, industrial relations at Renault have rarely been so peaceful.

However, the government is convinced that Besse is pulling the wool over the electorate's eyes, particularly as Mitterrand himself has said that he will refuse to sign any measures to privatize Renault. Inevitably, American consultants will be seen here as detectives called in to build up a case against Besse. (London Observer Service)

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This sum is being invested by me/us as sole/joint beneficial owner(s) Signature(s) _____
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MARKET PLACE

PINHAS LANDAU

Sour end to a sweet month

If yesterday hadn't witnessed sharp falls in almost every sector of the share market, the monthly yields achieved in November would have verged, at least in some cases, on the phenomenal. As it was, the heavy profit-taking on the last trading day of the month pared some of the gains that had accumulated in the preceding weeks. Nevertheless, it left a pretty positive picture for all that.

Taking yesterday's mini-slump first, the outstanding feature was the wildly disproportionate number of declines to advancing issues—238 to 45. Moves of 5 per cent or more were over 9:1 in favour of falling issues, and the results of this carnage were evident everywhere. The non-bank index fell by over 2 per cent in one session, an event that has become rare in recent months, and the full extent of the selling wave was most felt in the areas where the rises had been highest in the preceding sessions. Thus mortgage banks lost 3 per cent, investment companies 3.75 per cent and oil exploration companies and the food and tobacco sectors were felled for almost 5 per cent apiece. Only the "arrangement" shares bucked the trend, eking out a minuscule rise.

The tremendous gains in the oil sector over the month as a whole, however, still sufficed to make it the best-performing group in the market for the year so far. Its index stands at 215, just ahead of textiles on 211, with real estate and the commerce and trade sectors, both considerably lower and heavily, not far behind in the 200-205 range. The oil group is a late addition to the front-runners since, after leading the pack in the early part of the year, it faded for a long time thereafter. Once again, it is rumours of drillings and their outcomes, and the companies' non-oil business, which is fuelling the rise, and not any actual black gold that they have found.

The 17.20 per cent jump that the oil exploration index managed in November made it an easy winner. But the almost 15 per cent of the mortgage banks and the 11 per cent of the investment company sector were considerable enough in their own right. Nevertheless, these boosts left the index of the two groups at 192 and 190 respectively, so that neither of them is likely to be at the top when the end-of-year results are calculated in one month's time.

Although several other sectors did well, especially food and tobacco (7.87 per cent), industrial machinery (6.42 per cent) and metals (6.07 per cent), there were several laggards. Real estate shares climbed less than three per cent, though this was still superior to the commerce and trade group's one per cent. The arrangement shares, if they be shares at all, rose 1.82 per cent, but still offer yields in the 16-16.5 per cent range at this time. The single worst group, and undisputed wooden spoons for the month, were the insurance shares, whose slight loss of 0.08 per cent stood out in an otherwise clean sheet of pluses.

The end of the month also brought some higher than usual volume in bond trading, although the moves were mostly very restrained. The overall trend of almost daily slight increases in index-linked bonds is still very much in place. For the month, the general bond index advanced 1.8 per cent, which is rather higher than the consumer price index was thought to have risen, although the old problem of "fresh vegetables" may yet create distortions.

In any event, while the index-linked sectors are keeping pace with inflation, and show rises of 15-19 per cent so far this year, the dollar and linked bonds are getting nowhere. November brought a fractional gain for their index, which still languishes at below 94, or a nominal loss of 6 per cent on the year. With no devaluation in sight, there is no reason to expect any change here, while index-linked bonds will presumably maintain their past behaviour as well.

This leaves the share market as the focus of attention and here, as before, the interaction of a generally positive macro-economic environment with very varied corporate results will allow for movements in both directions, although the trend recently has been decidedly upward. As the debate over the coming budget develops, it will probably become the dominant feature, regarding the market as a whole and the direction of many specific issues.

What is clear is that the revelations of Israeli involvement in the Iranian business, and the storm surrounding the political leadership has failed in Tel Aviv—as it has in New York—to have any real impact on the buoyancy of the market.

THE SPREAD OF PROTECTIONISM in a variety of forms is certain to hold back economic growth and the creation of new jobs around the world, the 92-nation General Agreement on Tariffs and Trade (GATT) said in a report released today.

Accord is reached on re-opening Pri-Ze

By MICHAEL YUDELMAN and PINHAS LANDAU
Jerusalem Post Reporters

Pri-Ze Growers Ltd. is due to resume operations today, after an agreement was concluded last night between the company's court-appointed receiver, its main creditors and Tabori Soft Drinks Ltd.

Under the agreement—the product of a weeks-long search for a White Knight to salvage the financially troubled plant—Tabori will operate the plant for one year for the receiver, attorney Lippa Meir.

Tabori, a Pardes Hanna maker of fruit drinks under the Crystal, Tropi and Tripti brand names, will receive two-thirds of any profit earned by Pri-Ze during the year and accept one-third of any losses. The object of the accord, it was learned, is to return Pri-Ze to profit-ability to facilitate its later sale. Tabori has the right of first refusal, once the plant is put up for sale.

Bank Leumi and Bank Hapoalim, which were also party to the agreement, will provide the receiver with the funds needed to operate the plant, it was learned. Leumi and Hapoalim together hold two-thirds of Pri-Ze's estimated \$15 million in debts.

Pri-Ze was forced into receivership last October by Leumi after the company announced it could no longer pay its bills or meet its payroll. A maker of canned fruit and vegetable products, and citrus concentrates, Pri-Ze was the victim both of a downturn in citrus prices worldwide as well as an absence of management.

Its shares were ostensibly held by the United Kibbutz Movement, which placed them with the now-defunct brokerage firm of FIT. Before fleeing the country, FIT's two partners apparently disposed of the shares, and from then on Pri-Ze's ownership was never entirely clear.

Meir and Tabori general manager Yigal Tabori vowed to reach an agreement with Pri-Ze workers that would include the same conditions they worked under prior to the plant's going into receivership.

The company's unaudited, consolidated results showed a loss of NIS 1.92 million in the half, compared with a NIS 288,000 a year earlier. Income came to NIS 32.21m. in the period, compared with NIS 32.5m. a year earlier.

All figures are adjusted to August 31 shekel/dollar exchange rates. Dan attributed the decline in income and profit to three factors. The first was a decline in foreign tourism during the year throughout Israel, with the Central Bureau of Statistics

reporting a 35 per cent drop in foreign hotel occupancy in five-star establishments in the half.

The company noted that its occupancy level dropped only 30 per cent, but the percentage of foreign tourists in its rooms dropped 10 percentage points from last year to 50 per cent.

Like companies that export to the dollar area, Dan also suffered from the shekel/dollar exchange rate, which froze its dollar earnings translated into shekels while expenses grew, the company said.

The cost of adding two new hotels to the chain, the Dan Panorama Haifa and the Dan Panorama Tel Aviv during the year, added to expenses without bringing in revenue for the full period.

Prime Minister Shamir said yesterday after a meeting with Noir that he was preparing a plan for far-reaching privatization of government-owned companies. The plan would enable the government to finance a reduction in taxes and cut government spending, he said.

Shamir made his remarks after hearing from Noir about France's privatization plan, which got underway with an offer of shares last week in the Saint-Urbain company. Noir told Shamir that the plan had met with immense success and that the demand for shares in privatized firms was much larger than supply.

But we are prepared to buy more, but we want to sell more to France as well. We also want to increase technological cooperation. Unfortunately, not many of our high-technology products reach the French market, although we certainly have a lot to offer," Sharon said after the meeting.

Avi Temkin adds: Prime Minister Shamir said yesterday after a meeting with Noir that he was preparing a plan for far-reaching privatization of government-owned companies. The plan would enable the government to finance a reduction in taxes and cut government spending, he said.

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French External Trade Minister Michel Noir meets with Manufacturers Association President Dov Lautman yesterday. At the meeting, a delegation of French executives who travelled with Noir met with their Israeli counterparts. (Ippa)

French minister, Sharon agree on boosting trade

By MICHAEL YUDELMAN
Jerusalem Post Reporter

TEL AVIV. — France's External Trade Minister Michel Noir and Industry and Trade Minister Ariel Sharon agreed yesterday to increase bilateral trade and to exchange economic delegations between Israel and France.

Israel's trade deficit with France stood at \$30 million last year with Israel exporting \$276m. worth of goods to France and importing \$306m. Israel is interested in boosting trade volume and closing the gap, it was learned.

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Shamir made his remarks after hearing from Noir about France's privatization plan, which got underway with an offer of shares last week in the Saint-Urbain company. Noir told Shamir that the plan had met with immense success and that the demand for shares in privatized firms was much larger than supply.

But we are prepared to buy more, but we want to sell more to France as well. We also want to increase technological cooperation. Unfortunately, not many of our high-technology products reach the French market, although we certainly have a lot to offer," Sharon said after the meeting.

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ISRAEL MONEY MARKETS

SHEKEL INTEREST RATES
PRIME BORROWING RATE: 1.58% per month
Unlinked Deposit (Annual Rates)

	Last Updated	Tapas	Pakam 7-Day	Pakam 30-Day
LEUMI	28.11	10.16 50P	8.16 75P	3.18 50P
HAPOLIM	28.11	10.16 50P	11.17 50P	13.18 30P
DISCOUNT	28.11	10.16 50P	10.16 50P	14.21 0P
MIZRAHI	28.11	10.16 50P	10.16 50P	15.22 0P
FIRST INTL	28.11	10.16 50P	11.17 50P	12.19 50P

Rates vary according to size of deposit.
Tapas: demand deposit paying daily interest.
Pakam: fixed-term deposit with term from 7 to 60 days.

PATAH — FOREIGN CURRENCY DEPOSIT RATES (November 28)

	MINIMUM DEP	3-MONTHS	6-MONTHS	12-MONTHS
USD (\$10,000)	9.750	9.750	9.750	9.750
STG (10,000 pounds)	3.750	3.750	3.750	3.750
DMK (100,000 marks)	2.875	2.875	2.875	2.875
SPR (50,000 francs)	2.875	2.875	2.875	2.875
YEN (10,000,000 yen)	2.875	2.875	2.875	2.875

Rates vary according to size of deposit and are subject to change.

SHEKEL FOREIGN EXCHANGE RATES (November 28)

	CHEQUES AND TRANSFERS	BANKNOTES	Rep
U.S.A. Dollar	1.4540	1.45	1.4540
Deutsche Mark	0.7520	0.75	0.7520
Pound Sterling	2.1250	2.12	2.1250
French Franc	0.0230	0.023	0.0230
Japanese Yen	0.0142	0.014	0.0142
Dutch Guilder	0.0063	0.006	0.0063
Swiss Franc	0.0060	0.006	0.0060
Swedish Krona	0.0155	0.015	0.0155
Norwegian Krone	0.0130	0.013	0.0130
Danish Krone	0.0085	0.008	0.0085
Finnish Mark	0.0037	0.003	0.0037
Canadian Dollar	0.7120	0.71	0.7120
Australian Dollar	0.6800	0.68	0.6800
S. African Rand	0.0680	0.068	0.0680
Belgian Franc	0.0035	0.003	0.0035
Austrian Schilling	0.0048	0.004	0.0048
Italian Lira	0.0018	0.001	0.0018
Jordanian Dinar	1.00	1.00	1.00
Egyptian Pound	0.04	0.04	0.04
ECU	1.5540	1.55	1.5540

SUPPLIED BY BANK LEUMI

EUROPEAN FINANCIAL MARKETS

(November 28)
PRECIOUS METALS

GOLD:	LONDON A.M. FIX	390.00	P.M. FIX	389.50
	PARIS NOON FIX	389.83	ZURICH P.M. FIX	390.75
SILVER:	LONDON P.M.	538.25		
PLATINUM:	LONDON P.M.	493.50		
PALLADIUM:	LONDON P.M.	117.40		

FOREIGN CURRENCY CROSS RATES (London 15.30GMT) (November 28)

	SPOT	2 MONTHS	3 MONTHS	6 MONTHS
DEUTSCHMARK	1.9755/0	47.42	67.62	127.17
POUND STERLING	1.4360/70	121.11	181.17	361.25
SWISS FRANC	1.6420/35	54.60	89.94	175.16
JAPANESE YEN	162.60/70	35.33	45.43	90.85
FRENCH FRANC	6.4700/20	30.22	50.54	380.91
ITALIAN LIRA	1377.00/50	1125.12	1625.17	2100.32
DUTCH GILDER	2.2350/45	14.11	19.16	46.40
BELGIAN FRANC	41.090/10	8.10	14.17	30.35
DANISH KRONA	7.4600/25	425.47	700.90	1500.16
S. AFRICAN RAND	0.4500/10	30.25	40.33	90.70
EUROPEAN CURRENCY UNIT	1.0530/45	28.74	43.38	84.78
FINNISH MARK	4.8820/40	470.51	710.76	1450.15
AUSTRALIAN DOLLAR	0.6800/05	86.83	123.11	213.20
NORWEGIAN KRONA	7.2500/50	1225.14	1775.19	3435.34

Formula for determining forward rates: spot price, high/low (eg. 220/210) — deduct from spot price, low/high (eg. 210/220) — add to spot price.

ISRAELI STOCKS

TRADED IN NEW YORK:

	Last	Prev. Close	High	Low	Vol ('00s)
Alliance	2 1/4	2	2 1/4	2 1/8	24
Am Isr Pap	16 3/4	17	17	16 3/4	7
Ampal	17 1/2	17 1/2	17 1/2	17 1/4	104
Elscint	21 1/2	21 1/2	22 1/2	21 1/2	82
Etz Lavud	9	9 1/4	9 1/4	9	6
Laser Inds	10 3/4	10 3/4	11 1/2	10 3/4	59

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Not just a battle

THE CONTINUING fierce battle between the PLO and Amal for the Christian townlet of Maghdousheh, south-east of Sidon, is much more than just another flareup in the seemingly never-ending Lebanese civil war.

Tactically, the Fatah-led assault on Maghdousheh was designed to relieve the Shi'ite militia's brutal, Syrian-aided pressure on Palestinian refugee camps in the Beirut area. But its longer-term strategic goal was plainly to gain domination over the coastal road that is militarily the key to southern Lebanon. Strategically, then, the battle represents a major bid by a militarily - though still not politically - united PLO to put paid to Amal's hope of hegemony over the area, and to re-establish southern Lebanon as a base of operations against Israel.

It may seem amazing that, a mere four years after its forced exodus from the Land of the Cedars, the PLO should be able to field an armed force superior in fighting ability and organization, though only equal in size to its Shi'ite foe.

In fact, the PLO's return to Lebanon started almost as soon as the exodus ended. It was a slow but steady process which picked up speed in recent months, following the ouster of the Palestinian terrorists from Tunisia. The remaining bases in Sudan, Yemen and Iraq were too far off to have practical value. PLO fighters in growing numbers have thus quietly crept back, joining up with a new generation of post-1982 terrorists trained inside the Lebanese camps.

The IDF was able to at least partially stem the tide of arms supplies reaching the PLO from the sea. But there was no way to block the transportation of weaponry by air or when carried by the "ingathering" PLO warriors on their persons upon re-entry through such ports as that of Jounieh.

The welcome extended to the PLO on its return in Christian Jounieh was only a reflection of the strange disorder that afflicts the entire known as Lebanon. There is hardly a religious community in the mosaic that makes up Lebanon which looks benignly on the expansion of the PLO outside the camps, if not on the Palestinians' very presence as a group. But not a single one among the many well-armed communities has lent a helping hand to the southern Shi'ites in their effort to prevent the PLO from rebuilding its mini-state on Lebanese soil near Israel's border.

The Christians in the north appear only too willing to punish the once-downtrodden Shi'ites for suddenly turning uppity, even by possibly cooperating with the common foe, the PLO. Lebanon's Sunni premier, Rashid Karamah, has spoken boldly about the need to put the PLO in its place, but his followers have lifted not a finger to show they mean business. The promise of armed support for Amal made publicly by Druse leader Walid Jumblatt has typically yet to be fulfilled.

Meanwhile, the PLO's still unhealed internal political rift between pro- and anti-Arafat factions is not significantly affecting its wall-to-wall military unity on the ground. The unity remains undisturbed despite Fatah's deliberate renewal of the battle for Maghdousheh in violation of a cease-fire agreement concluded by the anti-Arafat Salvation Front with Amal in Damascus last week.

Ironically, Amal's backing in its hour of trial comes chiefly from the two deadly antagonists, Syria and Israel, each pursuing its perceived national interest in its own way - and each keeping its distance from the affray.

Deeply in trouble though it is economically at home and politically abroad, Syria goes on trying to manage Lebanon's affairs almost regardless of cost. Its sensible choice of Amal as the proper antidote to Shi'ite fundamentalism has harmed Syria's alliance with Iran, and has lost it, however temporarily, the allegiance of the PLO rejectionists.

Yet while it readily lends T-54 tanks to its Shi'ite friends, there is one thing Syria will not do to succor Amal, and that is go south of Beirut to reach the scene of battle - if only because this might raise Israel's hackles. Israel, for its part, will not cross the security zone north to offer aid, although its air force may every now and then bomb PLO targets as a way of assisting Amal in its struggle.

For the moment, the battle for Maghdousheh is merely an isolated local conflict inside Lebanon. But its outcome could eventually decide not only the PLO's future but also the prospect for tranquility on Israel's northern border and for peace on its eastern frontier. That is why neither Jerusalem nor Damascus can afford to ignore Maghdousheh.

PALESTINIANS

(Continued from Page One)

nian enclave towards the Druse strongholds in the Shuf.

"Jumblatt does not need the Palestinians, who are targets for Israeli air raids, on his doorstep," Olmert said.

As for Israel, it is disappointed by the Palestinian victories at Maghdousheh, but sees no cause for alarm. The PLO's gains are not yet seen here as a prelude to an imminent Amal collapse and a mass return of the PLO to Southern Lebanon.

non.

"The situation is fluctuating and it does not appear at this time that we are at a turning point," Olmert said.

The airstrike on Palestinian targets last week can be seen in the context of Israeli unhappiness over the PLO's gains; but it was not a sign of unusual Israeli concern. Olmert noted that the air strikes have been an ongoing policy, and that Israeli planes have been hitting Palestinian positions all year, well before battles flared at Maghdousheh.

Vanunu's family has yet to visit him since he arrived back in Israel, and Zichroni is expected to try to arrange such a meeting soon.

Zichroni read a terse statement of what had transpired in the court. He

Institutions aren't for people

Arnold M. Gross

THE RECENT revelations, first by volunteers from Germany and then by an undercover policewoman, that mentally handicapped residents of an institution in Kfar Sava had been mistreated may easily cover up the real problem: institutions by their very nature are apt more to do damage than to aid.

Policy towards the mentally handicapped in developed countries during the past 20 years has been marked by two major concepts. The first, developed through the American court system, is that any person, mentally ill, mentally handicapped, elderly etc. is deprived of his civil rights if he is kept in an environment which unnecessarily restrains his freedom. If the person does not endanger others or himself, there is no social need to institutionalize him. An offshoot of this policy is that every individual has the right to demand those services which would enable him to reach his maximum potential.

Enabling a person to reach his potential is of course an obscure goal but that does not prevent our society from spending huge sums on education, social welfare and health services which we all enjoy and which help us to make our way in the world. Should the handicapped person be provided with anything less?

If we recognize the rights of handicapped persons, the second concept guides our actions: helping a person to learn to live as normal a life as possible can best be done in as normal an environment as possible. An institution is an abnormal environment and therefore an inappropriate place to teach someone how to function in society.

While the concept of least restraint came out of the American civil rights movement, the concept of normalization was born in Scandinavia. As unlikely a source as the Thatcher government agrees with these "liberal" concepts and is at present providing £17m. to local governments and voluntary groups for the development of programmes which will take people out of institutions and serve them in the community. Begun in 1984, this initiative now supports programmes in 28 communities and new programmes are in preparation. The thinking behind Care in the Community, as it is called in Britain, is that institutions cost a lot of money and isolate people from society. In effect the money is going towards "warehousing

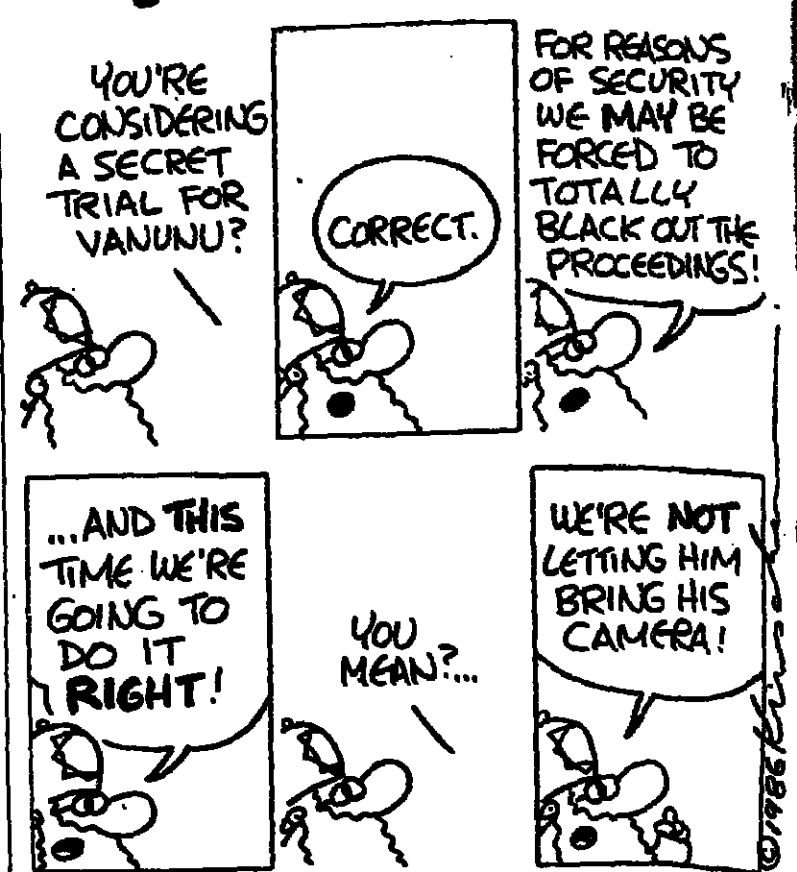
people. Putting those who are capable back into the community where they can benefit from the standard services provided to all citizens and where the focus is on improving their functioning is seen as an investment which could, in the long run, save money. In the event that certain institutions can be completely or even partially closed, these savings can become quite substantial.

WHILE THE rest of the world invests in alternatives to institutions, Israel was one of the few countries in the world to open a new institution for the mentally handicapped within the last 10 years. At present, negotiations are underway to expand existing institutions for the mentally handicapped in order to deal with a waiting list of over 1,000 people. There seems to be little interest in seeking community alternatives.

The danger of the Ruhama revelations is that we will pay attention to the rhetoric. Hopefully what the responsible authorities say is true - that is an isolated case of severe mismanagement and there is no reason to believe that this behaviour is widespread.

There are some mentally handicapped people who are best off in institutions. However, many are in

Dry Bones



institutions primarily because adequate community services are unavailable. This is no less severe a form of abuse than staff members' actions which have gained headlines. Another danger is believing that increased resources will in any way meaningfully affect what happens in institutions. Institutions are time

bombs and adding money only lengthens the fuse before there is an explosion. What is really needed is a policy which provides resources for finding alternatives to institutions.

The writer is a division director at the Sapir College of the Negev, Shur Haneguv.

Measure of friendship

Susan Hattis Rolef

If a friend is not necessarily someone who agrees with you, I think we can all agree that a friend is someone who wishes you well, is willing to come to your assistance at moments of distress, but is not afraid to criticize you when he believes, after checking the facts, that you are wrong.

NOW, returning to Brandt, Brandt has never hidden his criticism of Israel, and especially the policies of what he terms the "neo-conservatives" (the Likud). At an Israeli-European socialist dialogue on Zionism held in Paris in September under his and Abba Eban's auspices, he declared that those policies had "created some confusion in Israel and elsewhere."

He has also called for recognition of the Palestinian right to self-determination (which Schmidt has also done on many occasions), but always linked with the Arab recognition of Israel's right to exist within secure boundaries, and again in the Paris dialogue, together with the demand that the Soviet and Arab anti-Zionist campaign stop.

He has also admitted (for the first time in an interview published in Davar on November 26, 1982, and again in the Paris dialogue) that until the Holocaust, he, and his Jewish socialist friends, had doubts about Zionism, which they viewed as a regressive movement, but that the deeds committed in the name of the German people changed all that.

He harbours especially warm feelings towards the Jewish socialists in

general, and in particular, those of the Yishuv in Palestine who after World War II, despite the Holocaust, had helped their German colleagues, thus demonstrating the spirit of internationalism at its best. These sentiments are reflected in his attitude to the Israeli Labour Movement to the present day. That he should prefer an Alignment-led Israel to a Likud-led one is not surprising - there are few, if any, international leaders who do not.

BUT TO GO BACK to the Yom Kippur War and the meeting with Arafat. In January 1983, I had a long discussion with Brandt about the story of the arms shipments to Israel in October 1973, and he recounted some fascinating facts which Merz, who only became ambassador in 1974, must nevertheless be aware of. Brandt said that he had agreed to the shipments on the understanding that they be carried out from a small port near the Dutch border and in ships not bearing the Israeli flag.

According to him, the Americans did not stick to this agreement, yet it was only after the war was more or less over (on October 24) that the shipments were stopped, at a stage when Israel was no longer in danger and Germany had a legitimate right to worry about a possible oil embargo on itself.

Furthermore, during the Yom Kippur War, says Brandt, Israel's

minister of transport and communications, Shimon Peres, visited Germany and was afforded generous financial assistance in an agreement reached with the then minister of finance, Helmut Schmidt - all with Brandt's knowledge and agreement. "Go ask Shimon about that," Brandt said. So much for 1973.

As to the meeting with Arafat, we may believe that it was wrong, but Brandt certainly thought it was right, and not an anti-Israeli act. As he explained in an address to the B'nai B'rith in New York on October 3, 1981:

"I am well aware that many of you found it difficult to understand why I met with the chairman of the PLO two years ago... Probably it would be too simple for me just to say that I have had difficult and disputed meetings before, and that even in my own country I had to sit together with people with a background and record rather different from my own... Discussing with Chairman Arafat for me was an important piece of fact-finding. I do not see any reason why I should excuse myself. I didn't do any harm, it could have been helpful..."

"We were not successful during the follow-up of Vienna. Things on the Palestinian side are more complex than what I originally knew. This did not reduce my compassion as far as the human beings involved are concerned. Things on the Israeli side are not always very easy either, and this does not reduce my moral involvement."

Brandt still believes that Israel

should deal with the PLO, not because he hates Israel and wants to see it destroyed, but because he believes it is the only way to resolve the conflict, which is as important for Israel as for Western Europe.

If the measure of friendship for Israel is whether or not one believes the PLO will have to be a partner in permanent settlement, I know of many ardent Zionists who feel the same way. Actually, the only difference between Brandt and Schmidt on this issue is that Schmidt never wished to be involved in any mediatory moves, while Brandt has made an effort.

I MUST CONFESS that, like Merz, I prefer Schmidt as a personality, and I found talking to him intellectually more stimulating. Yet I have no doubt that Brandt has a much deeper and more intimate understanding of Zionism and what Israel is all about than Schmidt.

It is also a fact that while Schmidt accepted the "victims of the victims" theory (that Israel was established because of the Holocaust; the Palestinian problem was created by the establishment of Israel; ergo, the Germans have an indirect moral responsibility towards the Palestinians), Willy Brandt considers it foolish.

I am also sure that Schmidt would never have agreed to address, not to mention co-sponsor, a meeting on Zionism together with the Israeli Labour Movement. In fact, I can think of no socialist (or non-socialist) non-Jewish leader, except for Brandt, who would have done something like that.

Incidentally, in Paris Brandt said: "I know that what may sound like a concerned question is easily misunderstood and mistaken for unfair criticism in Israel. There is but a short step to fearing that the originally welcome solidarity and undisputed friendship might have given way to an attitude of non-commitment or even partial estrangement. However, I think the estrangement thesis has no justification."

Brandt was talking about Europe's socialists. He was talking about himself.

The writer is editor of the Labour Movement English-language monthly, Spectrum.

READERS' LETTERS

BLACK MEDICINE

To the Editor of The Jerusalem Post
Sir, - "Black medicine" - let's call it what it really is, robbery at scalpel point.

My health fund referred me to a urologist-surgeon. After examination he confirmed the fact that surgery was required. This was to entail an under-the-table payment of several thousand dollars. I was specifically instructed by him that under no circumstances was I to mention this to my health fund since if they were to know, they would not issue the necessary health fund authorizations.

So, we now have a situation where he would obtain payment from the health fund for services rendered and a substantial sum from me. Moreover, I doubt very much that he would see fit to report the "extra" money to the tax authorities.

I have had care from some very dedicated physicians, but this doctor is apparently dedicated to wallet surgery.

STANLEY E. GREEN
Kfar Sava.

INSENSITIVE BUS DRIVER

To the Editor of The Jerusalem Post
Sir, - I have just been watching the TV programme about crimes the police have not yet solved. The cases in point were the horrifying rape, brutalization and murder of girls who had hitch-hiked with a stranger. One of the girls had only resorted to taking this lift when all her efforts to obtain the bus fare had failed.

My 17-year-old daughter had to go to the dentist a couple of weeks ago and took only the money for her bus fare, as she intended to come straight home.

To return she got on a Dan 47 bus to Ramat Hasharon and gave the driver her green one shekel note. The driver found that the note was an old shekel with 1,000 written on it and told her it could only be changed at a bank. He then insisted that she leave the bus. My daughter explained that she had no other money, or means of getting home or contacting us. But the driver would not relent, and she found herself wandering around Tel Aviv after dark with no alternative except to hitch-hike home.

In England where I grew up, the public were never turned off buses if, for some reason, they were unable to pay their fare, but were allowed to give their particulars to the bus driver and told where to send the fare money.

Surely nobody should be forced into the position of that young soldier who barely escaped with her life because she was without the money to buy a safe way to travel.

STELLA LAHAV
Ramat Hasharon.

UNFAIR

To the Editor of The Jerusalem Post
Sir, - On November 7, you published Rabbi Goren's manifesto, "Why Reform is alien to Judaism." While there might well be much to criticize in the Reform Movement, one element of his criticism seems unjustified. He states, regarding the Reform Movement: "As they see it, Zionism is not intended for Jews in America or the free world."

While Orthodox aliyah is the highest of all sectors of American Jewry, regrettably a dedication to aliyah among many segments of the Orthodox community in America, in terms of something for them and not only for Jews from lands of distress, is still lacking. The shortcoming which Rabbi Goren attributes to the Reform Movement could well be levelled at the majority of the American Jewish community, portions of the Orthodox included.

Jerusalem.

BEN MOLLOV

VANUNU

(Continued from Page One)

taken back to the van. As the driver tried to maneuver the vehicle out of the narrow driveway, Vanunu could be seen at a window, apparently dazed by the flashbulbs of the numerous photographers. He waved feebly to the journalists as the van, preceded by a white police car, finally sped away.

Zichroni read a terse statement of what had transpired in the court. He

then crossed East Jerusalem's Salah a-Din Street to the Justice Ministry, where he conferred with Chasson and studied the prosecution's evidence, which is being kept in a ministry safe.

He said that he would see Vanunu again this week.

Vanunu's family has yet to visit him since he arrived back in Israel, and Zichroni is expected to try to arrange such a meeting soon.

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